

STATE OF CALIFORNIA

MEETING OF THE

CALIFORNIA INSPECTION & MAINTENANCE REVIEW

COMMITTEE

Monday, March 21, 2005

California Department of Consumer Affairs

400 R Street, First Floor Hearing Room

Sacramento, California



**Northern California Court Reporters**

3610 American River Drive, Suite 114 ■ Sacramento, CA 95864-5922  
(916) 485-4949 ■ Toll Free (888) 600-NCCR ■ Fax (916) 485-1735

**MEMBERS PRESENT:**

VICTOR WEISSER, CHAIR  
TYRONE BUCKLEY  
DENNIS DeCOTA  
JOHN HISSEIRICH  
BRUCE HOTCHKISS  
JUDITH LAMARE  
JEFFREY WILLIAMS

**MEMBERS ABSENT:**

PAUL ARNEY  
GIDEON KRACOV  
ROBERT PEARMAN

**ALSO PRESENT:**

ROCKY CARLISLE, Executive Officer

<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
Call to Order and Introductions . . . . .	3
Executive Officer's Activity Report . . . . .	4
Approval of February Minutes . . . . .	5
Legislation Update . . . . .	7
Consumer Information Survey . . . . .	29
Status of Smog Check Marketplace Trends . . . . .	59
Organizational Placement of Program . . . . .	82
<b><u>AFTERNOON SESSION</u></b> . . . . .	107
State Implementation Plan . . . . .	107
Comparison of Station Performance . . . . .	143
Public Comments . . . . .	197
Adjournment . . . . .	218
Transcriber's Certification . . . . .	219

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

- 2
- 3
- 4
- 5
- 6
- 7
- 8

9

10

11

12

13  
14  
15  
16  
17  
18  
19  
20

21  
22  
23  
24  
25

1 great deal of time reviewing the transcript so that  
2 they do not fall behind in our deliberations.

3 - o0o -

4 In the absence of a transcript [sic] I'm  
5 going to skip over the approval of the minutes for the  
6 meeting of February 22nd until our seventh member  
7 arrives, and then move immediately into asking our  
8 executive officer Rocky Carlisle to give his activity  
9 report.

10 Rocky?

11 MR. CARLISLE: Good morning, Mr. Chairman,  
12 members of the Committee. The majority of the month -  
13 actually, not the majority but a significant part of  
14 the month was taken up by trying to hire a new  
15 assistant, which we accomplished. We have a young lady  
16 by the name of Janet Baker who's going to - she's  
17 actually already started but she had to go to  
18 (inaudible) for a couple of days, so she'll be back in  
19 a week and then she will start working Monday through  
20 Wednesday and she will be at the next meeting.

21 CHAIR WEISSER: And we will make sure she  
22 realizes she's not in Kansas any longer.

23 MR. CARLISLE: I've also drafted several  
24 documents for the Committee's review when we get into  
25 the report, that's taken up part of my time. And other

1       than that, that pretty much concludes my activities for  
2       the month.

3               CHAIR WEISSER:   Very good.   I would like to  
4       acknowledge the arrival of Tyrone Buckley.   Welcome,  
5       Tyrone, all the way down here on the left side, and  
6       indicate for the record that we now have a quorum of  
7       members present.

8                               - oOo -

9               Are there any questions of the executive  
10       officer from any member of the Committee at this point  
11       regarding his activities for last month?   Hearing none,  
12       what I'd like to do now is to return to the second item  
13       on the agenda, the approval of the minutes for the  
14       February 22nd, 2005 meeting.   Has every member had an  
15       opportunity to review those minutes?   Are there any -  
16       let's hear if there is a motion for adoption of the  
17       minutes.

18               MEMBER LAMARE:   Move to adopt.

19               CHAIR WEISSER:   Ms. Lamare moves.

20               MEMBER HISSERICH:   Second.

21               CHAIR WEISSER:   And a second by  
22       Mr. Hisserich.   Is there any discussion of the minutes?  
23       Hearing none, I'll ask for all in favor to signify by  
24       saying aye.

25               IN UNISON:   Aye.

1 CHAIR WEISSER: Are there any opposed?  
2 Hearing none, the minutes are adopted unanimously.

3 - o0o -

4 We'll now move to the fourth agenda item,  
5 which is the legislative update. Mr. Carlisle.

6 MR. CARLISLE: There's been one amendment to  
7 one of those previously mentioned, that was AB383 by  
8 Montañez, and essentially we had sent a letter early in  
9 the month (inaudible) regulation. As a result, they've  
10 actually amended the bill and increased that to 225  
11 percent over the poverty level. One thing I noticed  
12 (inaudible) as well to increase to 250 percent. So if  
13 you're directed to test-only, if you are less than 250  
14 percent of the federal poverty level, then you still  
15 qualify for the CAP assistance.

16 Another new bill popped up -

17 CHAIR WEISSER: Well, excuse me. Does  
18 everyone understand what Rocky just described regarding  
19 the Montañez bill? So the bill would still then  
20 eliminate for the more affluent members of society the  
21 automatic payment if you're directed to test-only?

22 MR. CARLISLE: Yes.

23 CHAIR WEISSER: But it does put an income  
24 qualifier of sorts on it.

25 MR. CARLISLE: Yes, at 250 percent.

1 CHAIR WEISSER: And does the modification of  
2 the legislation in anyone's mind change our posture on  
3 the measure? No? No, I don't think it should. I  
4 think it's an amendment that goes in the direction that  
5 we were interested in, so we'll continue to be  
6 supportive of that measure.

7 Please proceed, Mr. Carlisle.

8 MR. CARLISLE: Another bill was introduced,  
9 AB898 by Mays, and that basically requires (inaudible)  
10 qualification for the test-only technicians. Any  
11 technician working at a test-only station could qualify  
12 for basically a lower set of qualification, they would  
13 only have to complete, as I recall, about a 40-hour  
14 course.

15 Both the amendment to 383 and the bill 898  
16 are included in your packet.

17 CHAIR WEISSER: Could you explain a little  
18 more about what the existing situation is in terms of  
19 the qualifications for technicians for both test-only  
20 and test-and-repair stations?

21 MR. CARLISLE: Most technicians, it doesn't  
22 matter right now if you work in a test-only or  
23 test-and-repair, there's a [interference] administered  
24 by the Bureau of Automotive Repair. They first of all  
25 have to complete a clean air car course. If they're in

1 the enhanced area, they have to complete the advanced  
2 clean air car course. In addition, they have to have  
3 the 03/04 update, the 05/06 update, and they either  
4 have to take training ASE A6, A8, L1 certification or  
5 they can take the ASE test. So there's a significant  
6 amount of training, all combined it's 160 hours, as I  
7 recall. The proposal here is to drastically reduce  
8 that to about 40 hours worth of training, so that the  
9 only thing they essentially teach these people is how  
10 to test the vehicles.

11 CHAIR WEISSER: I'd like to use this as an  
12 opportunity perhaps to hear some comments from the  
13 public on this proposal. As I understand it, one of  
14 the rationales is other states have lower training  
15 requirements than that which is required by California  
16 for those that are going to be working in test-only  
17 facilities. I'd like to hear some perspectives by  
18 members of the audience. We'll start with Chris.

19 MR. ERVINE: Chris Ervine, Coalition of State  
20 Test-and-repair Stations. If I remember right, I think  
21 my driver's education class required more than 40 hours  
22 of training.

23 CHAIR WEISSER: And look at the good it's  
24 done.

25 MR. ERVINE: Yeah, um-hmm. I have hired

1 people that have been through the clean air car course,  
2 I think it's 120-hour course. They have taken all the  
3 tests and passed them, and they couldn't show you an  
4 EGR valve from one vehicle to the next.

5 CHAIR WEISSER: And yet, Chris, you've hired  
6 them?

7 MR. ERVINE: Briefly. And I hired them on  
8 their qualifications at showing that they had passed  
9 this test and I fully expected that they would know how  
10 to test a vehicle, and this has proved not to be so.  
11 I've gone out after they've tested the vehicle and  
12 looked at it, because when I got the report of the test  
13 on my desk and I'm going, man, I know that vehicle and  
14 I know it's got an EGR valve on it, and I go out and  
15 look at it and sure enough it's got an EGR valve on it  
16 and I ask them to show me and they can't point it out.  
17 [skip]

18 CHAIR WEISSER: The course does not fully  
19 train technicians to the level you'd like them to be?

20 MR. ERVINE: Correct. And this doesn't go  
21 with all students, but my feeling is that if you lower  
22 the standards for test-only, we're going to get even  
23 worse problems than what we have now.

24 Many complaints that we have right now, and  
25 we see them in our shop, is a vehicle is tested and

1 failed at a test-only and it comes into our shop and  
2 they failed it for timing. They didn't even know how  
3 to check the timing, they didn't know how to disconnect  
4 the stop connector or how to short the connectors in  
5 the test connector to check timing and they failed it  
6 for timing and there wasn't a problem there.

7 CHAIR WEISSER: I guess the nature of your  
8 testimony, though, raises a question which we will not  
9 be able to answer, whether 40 hours or 120 hours  
10 results in, you know, fully trained and competent  
11 technicians. You've said something that makes me  
12 wonder whether the competency of a technician is  
13 related to the number of hours of training at all, for  
14 instance.

15 MR. ERVINE: Well, a lot of the people that  
16 we see that are coming from test-only, and I hate to  
17 bash test-only, but the ones that we see that  
18 consistently fail are from the same technicians, and I  
19 don't know whether they're not qualified or they're  
20 just lazy and don't do the test correctly, but my  
21 feeling is that if you lower the standards for these  
22 technicians and we already have a problem with the  
23 standards that we're dealing with today, is that we're  
24 going to get even a worse problem than what we have  
25 now.

1 CHAIR WEISSER: Thank you very much.

2 MR. ERVINE: Thank you.

3 CHAIR WEISSER: Mr. Ward.

4 MR. WARD: Thank you, Mr. Chairman and  
5 members. Randall Ward representing the California  
6 Emissions Testing Industries Association, the test-only  
7 association. This is an issue that's been around for a  
8 number of years. It really centers on an issue of  
9 competition and not competency.

10 The fact of the matter is that 30 percent of  
11 the cost of the test is labor. If you can change the  
12 method by which technicians for test-onlys are  
13 qualified to produce a test, you can reduce the cost of  
14 labor. The fact of the matter is that the vast  
15 majority of the training associated with a smog test is  
16 diagnosis and repair. The testing itself is relatively  
17 simple compared to the other aspects, and I think  
18 that's a logical conclusion that all of us can come to.

19 In any event, this is something that goes way  
20 back to 1998 when Mr. Keller was the BAR chief. He  
21 supported it and the word was that the test-and-repair  
22 industry for reasons of competition put a lot of  
23 pressure on the director at that point not to allow  
24 regulations to go through.

25 The BAR does not need legislation to

1 authorize this, they can do this administratively.

2 CHAIR WEISSER: But they've chosen not to.

3 MR. WARD: They've chosen not to.

4 CHAIR WEISSER: Okay, I think there's a  
5 question from Mr. Hisserich.

6 MEMBER HISSERICH: Mr. Ward, do you know what  
7 the average pay to a technician is now in a test-only  
8 station?

9 MR. WARD: Approximately \$20 an hour.

10 MEMBER HISSERICH: And what would you  
11 anticipate it being with these folks?

12 MR. WARD: It would only be a guess, I really  
13 couldn't tell you. The potential, you know, there is  
14 competition out there, there's competition between  
15 test-only and test-and-repair, but the smog test  
16 business, I'm simply stating that 30 percent of the  
17 cost of a smog test is associated with labor. If you  
18 reduce the hourly wage for the technician, then it  
19 stands to reason that the business owner is going to be  
20 able to compete better in the marketplace.

21 MEMBER HISSERICH: Right, right, that's  
22 obvious, but I guess the question would be, is 80 hours  
23 less training going to result in significantly less pay  
24 and what kind of individuals are you going to attract  
25 to do the work at presumably less pay?

1           MR. WARD: Well, it's not been a concern on  
2 the part of my membership.

3           MEMBER HISSERICH: Your membership is made up  
4 of the owners, though, isn't it?

5           MR. WARD: That's correct.

6           MEMBER HISSERICH: Not the workers.

7           MR. WARD: I understand.

8           MEMBER HISSERICH: Yeah, okay.

9           MR. WARD: But also the owners are  
10 technicians, so that owner is ultimately very, very  
11 responsible for any actions of that technician.

12           MEMBER HISSERICH: I'm just trying to get a  
13 sense of if you were to significantly decrease the  
14 amount of training, is it going to result in  
15 significantly lower expense to the consumer, and I'm  
16 just trying to get a sense of that.

17           MR. WARD: Well, in the past I know this  
18 Committee has been particularly concerned about  
19 expenses associated with consumers. That consumer  
20 who's directed to test-only is the one that is most  
21 likely to be the most economically disadvantaged, so if  
22 you reduce the cost of the test-only test, then you've  
23 impacted the economic impact on the consumer that is  
24 least able to afford the cost of a smog check.

25           CHAIR WEISSER: Thank you. Are there any

1 other questions from members? Let's go to the  
2 audience, we'll start from the left and work our way  
3 right so we'll start with Mr. Peters.

4 MR. PETERS: Mr. Chairman and Committee, my  
5 name is Charlie Peters, Clean Air Performance  
6 Professionals and we represent a coalition of  
7 motorists. Actually, I have a lot of opinions about  
8 the specific subject matter that you're considering at  
9 this moment, but I would like to bring up a possible  
10 issue on the order of the appropriate behavior of the  
11 Committee and call into question whether or not it is  
12 appropriate for the Committee to be providing your  
13 opinion to the Legislature as to whether or not they  
14 support or don't support specific legislation.

15 I believe the advice that the Committee got  
16 from the attorney who's representing the Department of  
17 Consumer Affairs, which is certainly an interesting  
18 place to get information, but that lobbying was not an  
19 appropriate activity for the Committee, and so  
20 certainly your report to the Legislature and your  
21 report to the Governor is appropriate, but I would ask  
22 if it is appropriate for you to take positions on bills  
23 and if in fact that's lobbying and if in fact that's an  
24 appropriate behavior for the Committee.

25 CHAIR WEISSER: Thank you, Mr. Peters.

1 Gentleman in the white shirt.

2 MR. POLEMUS: My name is Andrew Polemus. I'm  
3 on the board of directors of ASCCA and chairman of the  
4 Government Relations Committee. I have concerns with  
5 the legislation primarily because it's sponsored by  
6 Jiffy Lube and some other quick oil change places who,  
7 if they get their way, will essentially plug the state  
8 with test-onlys. If every Jiffy Lube was turned into a  
9 test-only, there's going to be overkill in the  
10 competition area.

11 Quite frankly, with these lower wages with a  
12 lot of test-onlys offering at a lower price, the  
13 test-and-repair stations that are already at some  
14 disadvantage because of directed vehicles, are going to  
15 going to have an additional layer of disadvantage in  
16 that they don't get to use the lower price technician,  
17 they still have to have the higher trained, higher  
18 priced technician.

19 Also, I have a concern in that from the very  
20 beginning the Bureau has used the test-onlys as the  
21 benchmark that they measure the test-and-repair  
22 industry against, and if we do get less qualified  
23 technicians in there, what does that mean about the  
24 yardstick that we're using? How accurate a test are  
25 they doing?

1           Anecdotally I can tell you that when we get  
2 cars from the test-onlys, we see a significant number  
3 that we suspect were run cold because they pass at our  
4 station, and we also see a significant number – and I'm  
5 not really trying to blame test-only because I know  
6 that the test-and-repairs have a lot of the same  
7 problems – but we see cars where the visual inspection  
8 was not done accurately, things were missed, and now I  
9 have to go to the customer and say, well, sure, you  
10 failed, but you also failed for all these other things  
11 you didn't even know about. And obviously when I give  
12 them more bad news I become the bad guy, so I'm a  
13 little concerned about that.

14           CHAIR WEISSER: Thank you very much.

15           Larry, it's your turn.

16           MR. ARMSTRONG: Yes, my name is Larry  
17 Armstrong. I have several points on this issue. This  
18 issue has come up before. It came up one time in Long  
19 Beach with the previous Committee. I made the point  
20 that if the state intended to send the worst vehicles  
21 to test-only that they should have the most qualified  
22 technicians testing them. Ironically, Mr. Larry  
23 Sherwood, who had been introduced at another time by  
24 Mr. Keller, the former chief of the Bureau of  
25 Automotive Repair as the guru of Smog Check, said that

1 the BAR agreed with my position that the technician  
2 ought to be the most qualified at test-only.

3 The concept that we mandate a customer to one  
4 section of the industry and then intend to turn around  
5 and then provide that section that has mandated  
6 customers with a lower cost, as the lobbyist for the  
7 test-only people just pointed out, somewhat matches up  
8 with some of the ironies that have gone on with this  
9 whole procedure where the test-and-repair business has  
10 been pretty much decimated by actions taken by the  
11 regulators and the Legislature.

12 The public deserves service. If they're  
13 going to pay for the service they ought to get the  
14 service and they ought to get it from someone who's  
15 qualified.

16 As I've told this Committee before, I'm not  
17 into blaming anything on competitors, but the gentleman  
18 before me mentioned Jiffy Lube. I happen to have a  
19 little bit of inside information and I know that Jiffy  
20 Lube purchased equipment, actually had the equipment  
21 onsite ready to go and eventually gave up and got rid  
22 of the equipment because they couldn't qualify any of  
23 their people to do the work. Which is not to say that  
24 they're not competent people, they're probably highly  
25 competent in what they do, but they're not necessarily

1 competent in what you want them to do or what I would  
2 hope you would want them to do.

3 As much as I think I probably agree with  
4 Mr. Peters' comments about the job of this Committee is  
5 not to lobby the Legislature, but if you intend to  
6 lobby the Legislature, I would certainly hope that a  
7 letter would go in that would ask that this type of  
8 legislation not be passed.

9 CHAIR WEISSER: Thank you, Mr. Armstrong.

10 Mr. Walker.

11 MR. WALKER: Chris Walker on behalf of the  
12 California Service Station Automotive Repair  
13 Association. The last two speakers have spoken to a  
14 provision in the bill that's not yet in the bill. Most  
15 of you have looked at AB898 and see only training  
16 provisions in the bill. The reason that the last two  
17 speakers have spoken to a second phase or a second  
18 component is because the sponsor of the measure is a  
19 Jiffy Lube franchise owner, from what I understand, and  
20 a run on this type of bill has been attempted twice  
21 that I know of in the last 24 months, and it carried  
22 two provisions. One is the training provision you see  
23 in 898, the second is to change the definition of  
24 repair so that Jiffy Lubes that do engine flushes and  
25 other recurring services can be considered a test-only.

1 It was a kind of two-phase approach.

2 The bill that you have in front of you only  
3 talks about training specifications. At least the  
4 organization I represent anticipates an amendment  
5 sometime between now and August or the time between now  
6 and when it hits the Governor's desk, if it gets that  
7 far, to allow businesses that provide recurring  
8 services to also be considered test-only facilities for  
9 the purpose of the law.

10 With respect to the bill, also, the training  
11 provisions, I've talked to the bill's author, it is a  
12 competitive issue. Certainly it provides a marketplace  
13 advantage for one smog over another if you can reduce  
14 the cost of labor. The author's office has indicated  
15 to me that they are looking at it as test-only  
16 providing testing the vehicle, but CASSARA is not  
17 thrilled with the idea. I don't think that that's the  
18 direction that we would encourage the state to go.

19 Again, if we're trying to include (inaudible)  
20 the program I think what you'd want is the highest  
21 trained technicians working on the vehicles from moment  
22 one to the final moment, and to ensure there's no  
23 inconsistencies between the level of technician  
24 training between the people who are testing the  
25 vehicles and the people who are repairing the vehicles.

1 Having the same set of knowledge I think is integral to  
2 both consumer convenience and satisfaction.

3 Also, I would like you to keep in mind that  
4 eventually down the line, certainly not in the near  
5 future from what I understand by taking a read on the  
6 temperature of the industry, but certainly down the  
7 line the state would like to develop the evaporative  
8 emissions test component of Smog Check II, which  
9 requires from what I understand a somewhat more  
10 invasive procedure. Right now perhaps the only  
11 invasive procedure when you're testing a car is  
12 checking the EGR valve, the functionality of the EGR.

13 Under the evaporative emissions testing you'd  
14 actually be getting into the pressure (inaudible)  
15 canister, intentionally breaking lines to test whether  
16 or not the canister is holding pressure, then  
17 reestablishing the integrity of the unit.

18 CHAIR WEISSER: Thank you very much for your  
19 comments, Mr. Walker. We'll take our last public  
20 comment from the gentleman in the blue shirt. I  
21 apologize for not remembering your name. I can't  
22 remember the name of my daughters much less.

23 MR. NOBRIGA: My name is Larry Nobriga and  
24 I'm with the Automotive Services Council of California,  
25 and it's my contention and you've discussed it before

1 in part is technician competency.

2 Now, as a shop owner it is part of my job to  
3 hire somebody hopefully that is trainable, and there's  
4 a big difference between somebody who has taken a class  
5 and can actually do something. The more training they  
6 get, the more training they're forced to have, the  
7 better technicians theoretically they will be. That is  
8 very important.

9 Now, with the test-only industry pushing to  
10 be able to do many other things to vehicles other than  
11 test-only, servicing fuel injectors, doing this, doing  
12 that, I don't know that you ought to lower the  
13 standards for Smog Check. I don't care where they  
14 work; it's that simple to me.

15 CHAIR WEISSER: Thank you very much. I'd  
16 like to ask the Department to chat a moment with us  
17 regarding the perspectives associated with this issue  
18 as it's been mentioned the issue has come up in the  
19 past. I'd like to get a better understanding of the  
20 Department's position and find out whether the  
21 Department has yet taken a position on this bill. Is  
22 there someone from the Department who could speak to  
23 those two points?

24 MR. ROSS: Dick Ross, Bureau of Automotive  
25 Repair. Mr. Chairman, the Department has received the

1       legislation and is following it closely. I think your  
2       public members here today have, I think, identified  
3       critical issues. These are the same issues we're  
4       studying. Just so you know, we haven't taken a firm  
5       opinion on the legislation yet, we're looking at the  
6       various issues.

7               The other side, just so there's a balance,  
8       not that we're saying that these are greater quality or  
9       lesser quality, are the discussions of whether the  
10      current training goes beyond what is required to be  
11      able to do in doing an analysis; that is one of the  
12      proposed arguments, quote, 'pro' that I've heard. And  
13      that fundamentally the additional pro argument would  
14      be, as one of the speakers said, maybe there will be  
15      future amendments that would make this a level of  
16      training applicable to both test-only and  
17      test-and-repair style employees, apparently alluding to  
18      diminishing a concern over unfair labor costs between  
19      the two elements. And other assessed statements have  
20      been that other states don't require the same level.

21             So there are a number of issues on both  
22      sides of this [skip] that we are looking at [skip] to  
23      the legislative sponsors, et cetera.

24             CHAIR WEISSER: Do you have any sense of  
25      timing for that analysis to be completed, Chief Ross,

1 so that we could be the beneficiaries of the thought  
2 that has gone into it?

3 MR. ROSS: There's usually a dialog that's  
4 been going on already since the final date of  
5 introduction of the legislation. We're generally then,  
6 as you know, it's often requested yesterday and impacts  
7 upon the quality of it, and my view is until we have a  
8 chance to digest it and get the views that your forum  
9 allows to get surfaced and get a good understanding of  
10 the feel plus our conversations and discussions with  
11 the various components of the industry, we'll continue  
12 to have a continuing dialog with the Department on this  
13 and also to follow the changes closely. Because it's  
14 the dynamics, and I don't have to tell anybody in this  
15 panel, I think a surprise may happen on the following  
16 Tuesday after you had articulated what you thought was  
17 your best analysis possible.

18 CHAIR WEISSER: By that you mean the bill is  
19 amended and --

20 MR. ROSS: (Inaudible) the basis quite often.  
21 So hopefully within three to four weeks. That kind of  
22 also puts pressure on the people developing the bill  
23 because they don't have extended amounts of time  
24 either.

25 CHAIR WEISSER: Do you know of any analysis

1 or study that has shown one way or another what the  
2 impacts of longer or shorter training is on technician  
3 competency, is there any empirical data that we could  
4 look at?

5 MR. ROSS: I don't know of any such study,  
6 however, there is an office of exam review within the  
7 Department of Consumer Affairs that has a duty and  
8 responsibility on a periodic basis to ensure that the  
9 licensing requirements still match the duties that are  
10 required by the particular occupation matching up with  
11 the licensing.

12 Just for your information, a request for such  
13 a study was initiated last fall, not only because of  
14 continuing concern about competency, because it can go  
15 the other way too, maybe the level of training is not  
16 adequate for competency, and that's why this office is  
17 kind of good in that they fundamentally do an outside  
18 external review coming in with no particular parameters  
19 or blinders on in making that study.

20 Also at the same time the BAR is working with  
21 the Bureau's advisory group in terms of a subcommittee  
22 dealing with technician competency, looking at the  
23 entire spectrum relative to the availability of a pool  
24 of qualified candidates to be able to provide the  
25 industry with the highest level of competent employees

1 possible, because we have a (inaudible) industry.

2 CHAIR WEISSER: Thank you. Hang on for a  
3 second, we may have some further follow-ups.

4 Mr. DeCota.

5 MEMBER DECOTA: Chief Ross, I was involved  
6 when we initially went into the enhanced program, and  
7 when we did we had approximately 15,000 shops that  
8 participated in the prior program. Today I believe we  
9 have around 6,000 test-and-repair shops. The whole  
10 idea of training in the enhanced program was to raise  
11 the line, so to speak, with regards to the technician  
12 capabilities and proficiencies, and we worked literally  
13 hundreds and hundreds of hours with BAR staff  
14 developing what we felt were better training programs  
15 that would bring the industry itself into the  
16 twenty-first century as it relates to Smog Check.

17 Has BAR taken some type of change that the  
18 equipment maybe in the enhanced program is such that it  
19 allows the (inaudible) technicians, so to speak, and  
20 their abilities to operate the equipment? I don't  
21 know. I mean, all of a sudden we're looking at a  
22 situation where industry has struggled and struggled to  
23 find technicians to perform Smog Check and [skip].

24 CHAIR WEISSER: Thank you, Dennis.

25 Mr. Hisserich?

1                   MEMBER HISSERICH: Just a quick question.  
2 Not necessarily Mr. Ross, but I note that in here it  
3 says that the hearing date is tomorrow. At what  
4 juncture – is somebody going to testify on behalf of  
5 the agency at that hearing or is that postponed?

6                   CHAIR WEISSER: They can't postpone it.

7                   MEMBER HISSERICH: It can't be postponed, so  
8 I just wondered is anybody going to take a position on  
9 behalf of BAR by tomorrow?

10                  MR. ROSS: Mr. Hisserich, the legislative  
11 analyst's office that we interact with will probably be  
12 represented there. Whether that particular hearing  
13 calls for early comment by the Department and BAR, I  
14 can't answer that question, sir.

15                  CHAIR WEISSER: John, it's not abnormal for  
16 an agency, because of the review process that it takes  
17 for them to come up with a recommendation and then have  
18 that recommendation approved up the food chain, to not  
19 be able to take a position in early hearings, to be at  
20 the hearing however and act as a resource for the  
21 Committee members. And I assume that's what you meant,  
22 Chief Ross, by having your legislative persons at the  
23 hearing and they'll be able to try to respond to any  
24 technical questions that the Committee might have.

25                  Well, a hearing tomorrow. Committee members,

1 my recommendation is that at this point in time we not  
2 take a position on the issue, that in fact we wait and  
3 see the analysis that the Bureau comes up with, and at  
4 that point in time make a determination as to whether  
5 or not the Committee should put forward its sentiments.

6 I believe it is incumbent upon this Committee  
7 in its role as advisor to both the Administration and  
8 the Legislature to chip into the process of providing  
9 such advice when opportunities arise, and that includes  
10 Legislative hearings, so I do think it's certainly  
11 within the purview of this Committee to participate in  
12 legislation associated with the program.

13 I heard a lot of interesting and I think  
14 persuasive perspectives. I will say, just to give you  
15 a heads up as to my thinking on this, that I have great  
16 confidence that a move toward this end would in fact  
17 reduce costs associated with the hiring of technicians.  
18 I do believe that that in turn would either result in  
19 lower prices being offered to consumers or more profits  
20 to the ownership of our stations that employ them, and  
21 that's just the natural way things work.

22 However, I have a great concern over the  
23 impact of reducing the training requirements on the  
24 professionalism associated with the technician  
25 participation, the backbone of this program, and absent

1 a real indication either empirical through studies or  
2 analytical through the Department or the Bureau comes  
3 up with, I would have a very hard time feeling  
4 comfortable with the notion that we're making progress  
5 by reducing training. That's where I'm coming from as  
6 of this instant, but I'm sure I'll be educated even  
7 more the next time we discuss this.

8 Bruce?

9 MEMBER HOTCHKISS: First, I want to echo what  
10 Dennis said. I'm firmly opposed to dummifying down the  
11 tester, and I wouldn't call them a technician any more  
12 than I would call a burger flipper a chef. They may  
13 both perform like duties, but they're not the same. I  
14 think it's doing a disservice to the automotive repair  
15 industry to keep lowering it.

16 No matter what people think, automotive  
17 technicians are much lower paid than other specialty  
18 people, electricians, plumbers, and I think it's about  
19 time, in my opinion as someone who worked as a  
20 technician for many years, that we raise them down to  
21 something else that is used as a stepping stone to get  
22 people up to a higher level, I think that would be  
23 great. And I realize that possibly people might  
24 actually have to spend more, but I remind people that  
25 automotive technicians are consumers too and they do

1       need to earn money.

2               As Chris said, he's seen people come into the  
3       industry who have all these qualifications and training  
4       and don't know a thing, and I think there is a big  
5       problem in it and I don't want to see it go down.

6               CHAIR WEISSER:   Okay.   If the members of the  
7       Committee agree with me and will forego taking a  
8       position on this issue, we can move forward in our  
9       agenda.   However, if there are members of the Committee  
10      that are interested in taking a position right now,  
11      someone could in fact make a motion to that effect.

12              Hearing none, we will move on to the next  
13      item in our agenda.   Are there any further legislative  
14      items, then?   And make sure this one comes back, of  
15      course, on our next agenda.

16                               - oOo -

17              Okay, the next item on our agenda has to do  
18      with the IMRC meeting frequency, but I'm going to  
19      suggest, members, that we delay discussion on this item  
20      until in fact we're near completing our meeting today,  
21      because I think that will have bearing on the means and  
22      timing of our future meetings.

23              So with that I'd like to move forward, then,  
24      to item number six, the consumer information survey  
25      presentation.   Although the agenda indicates the

1 preliminary results of this study were going to be  
2 presented by the Form 10 Group, our man of many coats,  
3 Executive Officer Rocky Carlisle, will in fact do the  
4 presentation. And with that, Rocky, I presume you want  
5 me to slide to the south.

6 MR. CARLISLE: Good morning, Mr. Chairman,  
7 members of the Committee. I should mention before we  
8 get into this presentation that this is a very quick  
9 snapshot analysis of the data that we received last  
10 week. Jude and Tyrone have looked at the data. The  
11 Form 10 Group actually created a PowerPoint  
12 presentation for us, however, some of it was a little  
13 cryptic, if you will, and not necessarily the way we  
14 needed it presented for this meeting, so Jude and I got  
15 together and redid the presentation somewhat, but this  
16 is just a quick snapshot of the data and certainly  
17 requires some additional analysis. So first of all,  
18 we'll talk about the survey and the method we used.  
19 The Board members do have a copy of the presentation  
20 and also behind the presentation are a copy of the  
21 questions used in the survey. The audience also has  
22 available a copy of the presentation with questions on  
23 the back table.

24 [Begin PowerPoint Presentation]

25 So the method we used, it was a telephone

1 survey and we selected 500 vehicles or the owners of  
2 the vehicles, and these were vehicles that failed  
3 within the last 90 days, and it was a random selection  
4 which we broke down into six air basins. The survey  
5 consisted of about 70 questions, so based on the number  
6 of randomly selected surveys it gave us about 35,000  
7 data points, and the respondents chosen to reflect  
8 vehicle population by air basins, they cover six air  
9 basins like I mentioned. And one of the things  
10 (inaudible) if there was any variability between the  
11 various air basins.

12 We also offered the survey in both English  
13 and Spanish, and while there's a lot of other foreign  
14 languages out there, these are the only two – or  
15 Spanish was the only foreign language we could use.

16 So who answered the survey? To respond the  
17 vehicle owner had to, first of all, have a phone number  
18 that we could link with a telematch service, and this  
19 is where we gave the contractor, if you will, the name  
20 and address of the consumer and they had the number  
21 with the telephone company [skip] matched with the  
22 telephone for all of the Smog Check (inaudible). They  
23 had to be willing to take 15 minutes to answer the 70  
24 questions, and they also again had to be able to  
25 communicate in English or Spanish.

1           CHAIR WEISSER: Rocky, let me interrupt for a  
2 second. You indicate that 25 percent matched. Could  
3 you tell me what those words mean?

4           MR. CARLISLE: Yes. For every 100 names that  
5 we gave to the contractor they were only able to get 25  
6 telephone numbers.

7           CHAIR WEISSER: And that's just because the  
8 service they were using in order to get that match only  
9 had that much in their database?

10          MR. CARLISLE: It could be a variety of  
11 reasons. The people could have moved, the vehicle  
12 owner could have moved. There's all kinds of reasons  
13 it could have been, but I understand they originally  
14 thought they would get 40 percent match, and in  
15 speaking to Jude, and correct me Jude, but as I recall,  
16 you said that this is not abnormal for the match rate?  
17 Okay.

18          So one of the questions we asked them was,  
19 when you noticed that a Smog Check was due, what did  
20 you do, and 28 percent said they shopped around for  
21 someplace to get the vehicle tested; 26 percent talked  
22 to someone in the automotive repair business; 23  
23 percent of those talked to friends and family. And I  
24 should mention, too, that they may have responded  
25 positively to each one of these questions, so they

1 don't add up necessarily to 100 percent. So 23 percent  
2 talked to friends and family; 18 percent talked to  
3 someone in the Smog Check business, other than the  
4 automotive repair business (inaudible); 8 percent  
5 visited BAR's website; and then 6 percent spoke with  
6 BAR, which we assume for all probability the Consumer  
7 Information Center, the 800 number, because that is  
8 listed on the vehicle registration renewal forms.

9 Another question asked was why did you select  
10 that Smog Check inspection station? It should come as  
11 no surprise, convenience was the most popular at 38  
12 percent; past experience with the shop is 23 percent;  
13 they wanted a test-only at 21 percent; personal  
14 relationship with the shop was 8 percent; wanted a  
15 test-and-repair station was 8 percent; and wanted Gold  
16 Shield was 2 percent.

17 This just gives you a different view. You  
18 can see between the past experience and the convenience  
19 that was well over half the respondents.

20 Another question asked was what did you do to  
21 prepare for the test, and 8 percent had a practice test  
22 or pre-inspection 30 days or less prior to their  
23 inspection; 46 percent performed routine maintenance  
24 before the Smog Check, which might have included oil  
25 changes, spark plugs or a tune-up, again 30 days or

1 less prior.

2 Interestingly, 95 percent classified their  
3 vehicles at least somewhat or well maintained over the  
4 last year, and of that percentage, actually the  
5 percentage that responded to that question, 54 percent  
6 said very well maintained; 41 percent said pretty well  
7 maintained; 4 percent said not very well maintained;  
8 and 1 percent said no answer. Now remember, all these  
9 vehicles failed, so kind of an interesting number.

10 This is actually good news. We asked about  
11 the test-only, if they were directed to test-only  
12 stations, and 80 percent of the test-only respondents  
13 learned of the requirement from the mailing, and that  
14 is much higher than what we've heard of in the past.  
15 The registration renewal notice has a great big stop  
16 sign and red font that says you're directed to a  
17 test-only station, essentially, and it appeared that  
18 many people were not even seeing that, but based on  
19 this survey, 80 percent did in fact learn prior to  
20 going to a station. Unfortunately, though, 14 percent  
21 found out at the station; and 79 percent rated it  
22 somewhat or very easy to find a test-only.

23 The first inspection ratings. We asked about  
24 the difficulty of the first inspection, and 82 percent  
25 rated complying with the inspection is somewhat or very

1 easy; and then 18 percent rated complying with the  
2 inspection as somewhat or very difficult.

3 Now, within that 18 percent we had others  
4 found it difficult due to expense, that was 54 percent;  
5 those who thought it was too time consuming, 34  
6 percent, [skip] understanding on how the program works,  
7 and 21 percent of those found it difficult finding the  
8 inspection station, but again, all those percentages  
9 are of that 18 percent figure.

10 Also asked about choosing a repair shop, and  
11 preliminary data indicated 5 percent focused on BAR  
12 financial support, you know, what they could get from  
13 the Consumer Assistance Program; one person found the  
14 Gold Shield the most important factor in determining  
15 what shop; and 82 percent did not shop around for  
16 quotes.

17 CHAIR WEISSER: I want to back up.

18 MR. CARLISLE: You bet.

19 CHAIR WEISSER: You're saying that only one  
20 person in the study mentioned that Gold Shield was the  
21 most important factor?

22 MR. CARLISLE: Yes.

23 MEMBER LAMARE: One person.

24 MR. CARLISLE: One person, not one percent.

25 CHAIR WEISSER: One person. One out of five

1       hundred and fifty.

2               MR. CARLISLE:   Right.

3               MEMBER LAMARE:   Failed vehicles only.

4               MR. CARLISLE:   And 82 percent did not shop  
5       around for quotes.

6               MEMBER WILLIAMS:   So much for economics.

7               MR. CARLISLE:   And this just gives you the  
8       graphical presentation.   Shows that in choosing the  
9       repair shop 28 percent thought past experience was the  
10      most important; convenient location was 21 percent;  
11      relationship with the shop was 20; and it goes on down  
12      and BAR financial help was 6 percent; and then Gold  
13      Shield didn't show up on the slide.

14              As far as the repairs, how difficult was it  
15      to get the repairs, and 80 percent found it was  
16      somewhat to very easy to get their vehicle fixed.   It  
17      says to fix their vehicle but this is to get the  
18      repairs completed.   And once again, 18 percent found it  
19      somewhat or very difficult.   And again of that 18  
20      percent, 67 percent were concerned about the expense,  
21      not so much that it was difficult but that the expense  
22      was difficult.   Then 51 percent of those found it  
23      difficult because of the time involved; and then  
24      30 percent really did not understand the repair  
25      requirements.   And then of those, 62 percent of the

1 repairs said it took one day or less, and 60 percent of  
2 the repairs cost less than \$250.

3 With regard to the second Smog Check, talking  
4 about the difficulty for that, 80 percent said it was  
5 easy; 12 percent said it was somewhat easy, so now we  
6 have 92 percent in the first category, if you will;  
7 3 percent said it was somewhat difficult; followed by 2  
8 percent said it was very difficult; and 3 percent did  
9 not answer the question.

10 Then we also asked about BAR financial  
11 assistance, the Consumer Assistance Program, and  
12 7 percent received CAP assistance from the survey. And  
13 we're actually going to look a little more at that  
14 issue because we really don't know as far as what  
15 percentage who were income eligible took advantage of  
16 it. What about the test-only eligibility, were they  
17 low income or did they get Consumer Assistance Program  
18 repairs because they were directed to test-only? And  
19 then there could be some differences by air basin as  
20 well, and again, we took a real good look at the data  
21 the other day and that hasn't been completed.

22 So as far as the next steps, there's  
23 considerably more analysis required for this survey to  
24 be complete. The contractor actually owes us another,  
25 as I recall, about 20 surveys was it, Jude? About 20

1 surveys they haven't completed. We want to consult  
2 with the other agencies, and then from that we'll  
3 develop recommendations.

4 [End PowerPoint Presentation]

5 CHAIR WEISSER: Rocky, first I want to  
6 compliment you on your presentation and suggest that  
7 Form 10 needs to compensate you for performing that.  
8 It was really, I thought, very well done. I think  
9 there may be some questions from members of the panel,  
10 but before I and others ask questions I'd like to give  
11 Ms. Lamare an opportunity to put forward any additional  
12 thoughts she might have of the work performed to date  
13 and the outcome to date.

14 MEMBER LAMARE: Thank you, Vic. Since I  
15 worked really closely with the Rocky on the  
16 presentation (inaudible). We do have the data. We  
17 have a few interviews owed which we expect to get  
18 before March 30th. [skip] access to the public. I  
19 think it is somewhat difficult because the interview  
20 itself was very intensive with 70 questions asked of  
21 every respondent, and when you read the results, the  
22 interpretation may trip you, so we tried very hard to  
23 make it clear what was the base that these percentages  
24 refer to. That's the trick in this thing.

25 And so we asked every respondent, for

1 example, and that's where the questioner is really  
2 helpful. I will say, though, that on the  
3 questionnaire, on question 15, for example, "Now for  
4 each of these factors that you said were one of the  
5 things you considered, which was the most important?"  
6 That's where the real choices are coming out and that's  
7 where we're seeing that only one person said that they  
8 wanted to get financial help from the Bureau and that  
9 played the most important role in their choice.

10 So just a few pitfalls that might be there,  
11 and I hope people will talk to me if they have  
12 questions about the interpreting of the data. Thank  
13 you.

14 CHAIR WEISSER: Thank you. John?

15 MEMBER HISSERICH: Just a quick question. I  
16 note that you didn't have the year and car model. Is  
17 there any looking at how that fit into this, and that  
18 might reveal something about the economic situation of  
19 the respondents in terms of bias that might have come  
20 in and not merely thinking of it in terms of what cars  
21 have problems, although that might be an interesting  
22 sidebar.

23 MR. CARLISLE: (Inaudible) that data and that  
24 should be forthcoming.

25 MEMBER HISSERICH: Oh, okay, so that is in

1 the mix, okay.

2 CHAIR WEISSER: Okay, we'll start in the back  
3 with Chris.

4 MR. ERVINE: Chris Ervine, Coalition of State  
5 Test-and-Repair Stations. I have a couple of  
6 questions.

7 On choosing a repair shop, 5 percent focused  
8 on BAR financial support, and then later it said  
9 7 percent received it. I have a question on that.

10 One person found Gold Shield the most  
11 important factor for determining which shop they were  
12 going to take their vehicle to. My real question is,  
13 how many people out there even know about the CAP  
14 program? We have many customers that come into our  
15 shop that want to get their car fixed, and we're the  
16 ones that are telling them about the CAP program. They  
17 are not being told this in the test-only stations like  
18 they're supposed to be, and this is a problem.

19 Then 82 percent did not shop around for  
20 quotes. The most logical conclusion there would be  
21 they didn't shop around for quotes because they went  
22 right back to their regular mechanic that had been  
23 working on their car all along and had him repair it,  
24 and had they had the choice in the first place they  
25 probably would have taken the vehicle to him for

1 testing as well.

2 One other thing that I would like to see is I  
3 would like to have a copy of the questions, the survey  
4 that was actually asked so that I could review it.

5 CHAIR WEISSER: It's in the back, Chris.

6 MR. ERVINE: Okay.

7 CHAIR WEISSER: Thank you. Any other  
8 comments? Gentleman in the white shirt.

9 MR. POLEMUS: Andrew Polemus from ASC. I  
10 just wanted to know, it showed 25 percent you could get  
11 a phone number on and then there was other criteria,  
12 they had to be over 18 and willing to take 15 minutes.  
13 What was the actual final number of people that were  
14 surveyed?

15 MEMBER LAMARE: Five hundred and fifty.

16 MR. POLEMUS: Oh, I thought five-fifty is  
17 what you started with.

18 CHAIR WEISSER: No.

19 MEMBER LAMARE: Five hundred and fifty was  
20 our requirement that we get.

21 MR. POLEMUS: Okay. That's what I wanted to  
22 clarify. So you actually had five hundred and fifty  
23 respondents.

24 MEMBER LAMARE: We will have. This analysis  
25 is based on five hundred and forty-one, but we'll have

1 five fifty.

2 MR. PETERS: Okay. And can I ask who  
3 prepared the questions?

4 MEMBER LAMARE: The questionnaire was [skip]  
5 over several months and the contractor of course  
6 reviewed it and commented on it.

7 MR. POLEMUS: Okay. I just wanted for point  
8 of clarification. Thank you.

9 CHAIR WEISSER: There are, just for your  
10 information, thousands and thousands of calls were made  
11 in order to generate those five hundred forty but soon  
12 to be five hundred fifty interviews. That was a  
13 laborious process that the contractor has fulfilled and  
14 we're grateful they were able to stick to it.

15 Okay, we'll take one more. Mr. Peters.  
16 We'll take three more and then we're going to move on.

17 MR. PETERS: Good afternoon, Mr. Chairman and  
18 Committee. I'm Charlie Peters, Clean Air Performance  
19 Professionals, we're a coalition of motorists. One  
20 other number in the data seemed really interesting to  
21 me, and that was the number of folks who specifically  
22 looked at the issue of whether or not their car would  
23 pass before they went to get it tested, and these are  
24 the cars that failed. What was that number, 9 percent  
25 or something like that that got a pre-inspection or

1       went to a facility and got advice about how to handle  
2       this. That's kind of interesting.

3               In my own personal experience, I used to be  
4       in a previous life used to be in the test-and-repair  
5       business, and out of 100,000 cars certified at my place  
6       I think there was two voluntary inspections, one of  
7       which was a situation where somebody was leaving the  
8       State of California and had a previous inspection  
9       repair and liked how it made his car run so he come and  
10      asked for an inspection, and I said, well, why don't I  
11      just fix your car? So that's one out of 100,000  
12      inspections where somebody came in and wanted a  
13      voluntary inspection, wanted to know how their car was  
14      going to run beforehand, so my own personal experience  
15      doesn't seem to match what is indicated in the survey  
16      at all.

17             Another thing that I think certainly would be  
18      interesting to know, although it's not the basis of  
19      this survey, is did all these cars get fixed? Half of  
20      them, a third of them, 10 percent of them? What was  
21      broken on the car, did it get fixed? I think that  
22      could be a significant factor in evaluating what's  
23      happening here and how the Committee should act and  
24      what the Committee should recommend. Thank you very  
25      much.

1                   CHAIR WEISSER: Thank you, Mr. Peters. I  
2                   also took note of that 46 percent. If the data was  
3                   completely normalized, that number I would expect would  
4                   have been something like 8 percent throughout the year.  
5                   So 46 percent indicates to me one of the major unsung  
6                   benefits of this program, that it encourages people to  
7                   keep their car in repair, and I'm going to give that  
8                   more thought. I think that might be some very  
9                   important information.

10                  Mr. Walker.

11                  MR. WALKER: Chris Walker on behalf of  
12                  California Service Station Automotive Repair  
13                  Association. Regarding the question of consumer  
14                  attitudes, and certainly in the street the members of  
15                  CASSARA and other members of the auto repair industry  
16                  are telling perhaps a different story to us about  
17                  consumer attitudes, and there is a great deal of  
18                  frustration in the marketplace right now tied to the  
19                  vehicles that are being directed to test-only against  
20                  their will. Apparently consumers are fairly upset  
21                  about it.

22                  In gauging those attitudes, I'm looking at  
23                  the consumer information survey and the questions  
24                  asked, and number 8 – number 9, "How easy was it for  
25                  you to comply with the initial Smog Check test for this

1 vehicle, was it, A, easy; B, somewhat easy; C, somewhat  
2 difficult; D, very difficult; or E, nonresponsive?" In  
3 looking at that question, how easy was it [skip] found  
4 a test-only and got it done. Nowhere in this question  
5 does it say was it inconvenient, were you upset with  
6 the ping-pong factor going back and forth?

7 When you look at question number 10, "Please  
8 answer yes or no to any of these factors that caused  
9 you difficulty in complying with the Smog Check  
10 inspection [skip]."

11 What I would like to see is more attention  
12 given to this ping-pong factor and consumer attitudes.  
13 When it asks how easy was it to get an inspection at  
14 test-only, my answer is going to be, it's easy. Was I  
15 happy about having to go to separate locations back and  
16 forth? The answer is absolutely no. In this survey I  
17 don't see questions that get to that phenomenon, and  
18 the phenomenon in the real world as our shops are  
19 seeing, customers are complaining in this regard.

20 CHAIR WEISSER: Thank you. I will only point  
21 out that due to the nature of the budget that this  
22 Committee was operating under this year, which was  
23 virtually nothing, this has to be considered kind of an  
24 exploratory analysis, an exploratory effort, that in  
25 fact if it opens up new questions hopefully will spur

1 additional and more in-depth opportunities to get a  
2 better understanding of the public's understanding and  
3 experience with the program.

4 Mr. Armstrong.

5 MR. ARMSTRONG: Yes, my name is Larry  
6 Armstrong. I think probably the first question you  
7 folks ought to be asking is why is somebody from this  
8 Form 10 company not here giving this presentation?  
9 There is a little bit of a dance and all of a sudden  
10 Mr. Carlisle was giving the presentation, and which  
11 would be totally unacceptable to me if I was on the  
12 Committee, which is maybe why I'm not.

13 I would like to request a copy of the  
14 original data sheets, because I think there may be some  
15 answers on there that have been somehow muddled by  
16 digesting it down to these little things that are here.

17 I also question the, there's a statement here  
18 that says "Wanted test-only station" and that was  
19 21 percent of the people wanted a test-only station.  
20 When the public was allowed to make choices back in the  
21 old days when there was test-only stations and there  
22 were test-and-repair stations, there were 7 test-only  
23 stations in the whole state. That's when the public  
24 chose, and when the public was allowed to choose,  
25 that's what they chose. There were 7 stations in the

1 whole state.

2           The way that information gets maneuvered  
3 around, if you ask me, because I just got the little  
4 form in the mail that said I have to go to a test-only  
5 station, if you ask me the question one way I'm going  
6 to tell you I wanted a test-only station because I  
7 didn't have any other choice. That's an easy way to  
8 bend that around. There was nothing there that said  
9 did you choose it by choice or did you want it because  
10 you didn't have a choice; that would have been the  
11 question.

12           I think the fact that 82 percent of the  
13 people did not shop around for quotes is an amazing  
14 commentary on the automotive repair industry in the  
15 state, because you either have to make one of two  
16 assumptions. One is that the public is stupid, which I  
17 don't think they are, or they felt that they knew where  
18 they wanted to go to get their car repaired, which is a  
19 pretty good commendation as far as I'm concerned.

20           And 80 percent of the test-only respondents  
21 learned of the requirement from the mailer. By that,  
22 that must mean that the people that we see in throngs  
23 every day in the test-and-repair industry, only  
24 20 percent of the people are being directed to  
25 test-only? [skip]

1 CHAIR WEISSER: Thank you.

2 MR. ARMSTRONG: I would question this whole  
3 survey unless I could see what was behind what is going  
4 on here.

5 CHAIR WEISSER: All right. And you should  
6 chat with Mr. Carlisle after the meeting to find out  
7 what we are allowed to share with you in that regard.  
8 [skip] Mr. Williams?

9 MEMBER WILLIAMS: Because we pull the vehicle  
10 identification numbers at the very beginning, we know  
11 the code of whether they were directed or not, so we  
12 can answer your question, Mr. Armstrong.

13 CHAIR WEISSER: I don't quite understand.

14 MEMBER WILLIAMS: This sample began with me  
15 taking from the BAR records failures, and I know  
16 whether they were directed or not from a code in those  
17 records, so we can now go backwards and relate whether  
18 the people that said they wanted to go to test-only  
19 were directed there or not.

20 CHAIR WEISSER: Could we also then use those  
21 ID numbers to find out, as was asked earlier, whether  
22 those cars were actually repaired and did they  
23 subsequently pass?

24 MEMBER WILLIAMS: Yes.

25 CHAIR WEISSER: Jude, did you have anything?

1           MEMBER LAMARE: Thank you. Well, several  
2 points, starting with the last point discussed. We did  
3 ask our respondents if their car was repaired, and  
4 90 percent said it was repaired. We did not choose any  
5 records that didn't subsequently pass Smog Check. I  
6 think it is theoretically possible to go on each of our  
7 respondents records and then bring in the information  
8 from the VIN number of how the disposition went, what  
9 kind of repair they had, what kind of shop they went  
10 to, and verify what they told us, but I strongly  
11 suspect that most of what they told us was correct.

12           Why is Form 10 not here? Form 10 was not  
13 available today, thank God, because their presentation  
14 was full of things that would have been extremely hard  
15 to understand and misleading, because they don't know  
16 anything about this program. The members of the  
17 Committee do know about the program. Rocky and Tyrone  
18 and I went over the results very carefully and weeded  
19 out the pieces that were poorly put together or poorly  
20 understood. I also spent my own time going through and  
21 putting in details so that when we came to you today  
22 and you looked at it, you would see what the responses  
23 were, not somebody's dummifying down and garbled summary  
24 of that.

25           So, I believe that if you put together the

1 questionnaire which you have received and the  
2 PowerPoint which you have received, that you'll be able  
3 to see quite a bit of what was discovered in this  
4 consumer survey. There is, however, a failure on the  
5 part of the print job on the question choosing repair  
6 shops that is in the IMRC initial report results about  
7 like 10 or 15, I don't know, called choosing repair  
8 shops, the labels are missing, so I did want to read  
9 those labels for those who were interested in the  
10 breakdown there in choosing repair shops.

11           It's the eleventh slide. The first column  
12 saying 20 percent is the relationship with the shop.  
13 Relationship with the shop or someone who works there  
14 was the most important factor for 20 percent. The past  
15 experience with the shop was 28 percent, which  
16 indicates more it's also a shop item, a characteristic  
17 of the shop. Then 12 percent is the recommendation  
18 from someone you trust to go to that shop, so that's  
19 recommendations for 12 percent. The location of the  
20 shop, the convenient location of the shop, 20 percent,  
21 indicating the person that really connects with that  
22 shop as their shop or someplace that they've been  
23 before or someone they know there that they trust, but  
24 just where it was located. The estimate they received  
25 from the shop, 14 percent, again more impersonal rather

1 than an experience with the shop. Then 6 percent  
2 refers to wanted BAR's financial support, so knowing  
3 that they needed to go to a shop where that would be  
4 present was the most important factor for 6 percent  
5 [skip].

6 We have no problem releasing the data as long  
7 as the confidentiality, the identification of the  
8 respondents is clearly not going to be there. I think  
9 that we promised our respondents we would protect them  
10 and that their responses would be anonymous and they  
11 wouldn't be identified by their name.

12 MR. CARLISLE: I'll check with legal counsel  
13 on that, but I'm sure it's public information, we just  
14 have to make sure we strip away any identification.

15 MEMBER LAMARE: There's a lot of information  
16 there, it clearly was intended to be a preliminary  
17 attempt to show the state this can be done, how it can  
18 be done, to find out what the pitfalls are and where  
19 you have to watch out, but clearly could not have been  
20 done if someone on the Committee did not have the  
21 survey research experience to know what the pitfalls  
22 were going in.

23 And I can tell you this is the single most  
24 frustrating research experience I have ever had in my  
25 life, and I'm a lot older than I look. I've been doing

1 research, you know, since the sixties and never had the  
2 pleasure of doing it for the State of California. This  
3 really has been difficult to complete. To get here  
4 today with this data I consider a minor miracle, and I  
5 think it hopefully is one in which the lesson is to go  
6 forward and to continue consulting with the public  
7 which experiences this program and to ask the public  
8 directly about their experience.

9           The question no one asked which is really the  
10 most important question, how good is the sample, is one  
11 I think we can rely on this sample to say this is much  
12 better information than we have had to date about the  
13 public's experience with the Smog Check Program, and we  
14 talked to failed vehicle owners and received input from  
15 them, and that it was a random sample covering the  
16 state in proportion to the vehicle owner's residence in  
17 the state, which would not happen if we did not  
18 specifically work very hard to make that happen,  
19 because response rates are not the same throughout the  
20 state and different parts of our state have different  
21 cultures about answering the phone, talking to people  
22 about their experiences, and clearly, we did not talk  
23 to anybody who doesn't deal in Spanish and English, so  
24 we don't have any assurance there about what's going  
25 on.

1           When Chris talked about how easy it was to  
2 get your second Smog Check inspection, when we have  
3 questions like this in survey and research we always  
4 randomize the choices, so the question how easy was it  
5 was followed by was it very easy, somewhat easy,  
6 somewhat difficult or very difficult, but remember, the  
7 response pattern was randomized so that if you got the  
8 phone call you could well have heard was it very  
9 difficult, was it somewhat difficult, was it somewhat  
10 easy or was it very easy? So the intention is that you  
11 don't hear 'very easy,' every respondent did not hear  
12 'very easy' first, they heard 'very difficult'  
13 25 percent of the time, 'somewhat difficult' 25 percent  
14 of the time, and so on. I hope that's clear.

15           And then Charlie Peters asked how many of  
16 these cars were fixed. We did ask the respondents was  
17 the car repaired, and 90 percent said it was repaired,  
18 a small percent said it was scrapped, and a small  
19 percent apparently have not done anything with it but  
20 it was reregistered, because that was our sample.  
21 One-time exception is a possibility.

22           There's a lot more to learn here and I do  
23 want to know what the Committee and the public  
24 interests are. Model year, obviously, is that a  
25 factor? Did you get test directed only and is that a

1 factor in your assessment? If you had BAR assistance,  
2 was your experience take longer and cost more than if  
3 you didn't, and so on. There's other questions to be  
4 answered. Thank you.

5 CHAIR WEISSER: Well, I think that's data,  
6 Jude, in addition to what I think we and the public and  
7 I hope the Department are going to find is an appetizer  
8 that's going to whet our hunger for additional good  
9 information on various aspects of the program. We're  
10 going to answer some questions through this, but I  
11 think we're going to be raising more questions than  
12 answering questions, and that's not a bad thing, it's a  
13 good thing.

14 What I'd like to do is, when the survey is  
15 complete and we're ready to look at this again, that we  
16 cut out some time to have a discussion about where  
17 potential next looks ought to be aimed at. I think  
18 that would be very interesting in regard to this. So  
19 could you give us an indication of the timing of the  
20 completion of the analysis by Form 10 and whatever work  
21 you're going to want to do in terms of wrapping this  
22 baby up?

23 MEMBER LAMARE: Form 10 is the low bidder in  
24 a state contract. It's not going to, I think, do much  
25 more for us than what we specifically required of them

1 and they are to be done by March 31st.

2 CHAIR WEISSER: By the end of this month. So  
3 presumably next month or the month thereafter we could  
4 engage in some sort of a discussion not only of the  
5 results of this but a more detailed discussion than  
6 that which we're having today. This is just a summary  
7 status report.

8 MEMBER LAMARE: Well, I think this is more  
9 than a summary status report. This is the results of  
10 the survey as we know them.

11 CHAIR WEISSER: But that could be modified by  
12 the additional —

13 MEMBER LAMARE: It won't be. These results  
14 will not be modified at all. What we can provide at  
15 our next meeting is some additional cross-tabulated  
16 data that looks a little bit finer. By air basin are  
17 we having different experiences in the program? Does  
18 it matter if you are directed to test-only, does that  
19 effect statistically in a significant factor effect  
20 your assessment of the program or not? If you received  
21 BAR assistance, what was the difference in how you  
22 experienced the program?

23 I think those are all quick turnaround items.  
24 What we need to do, however, is meet with BAR and ARB  
25 on those further analyses to determine if we're

1 interpreting them in a reasonable fashion and if they  
2 have additional questions that they would ask before we  
3 bring it forward to the Committee. Hopefully that  
4 could be done before our next meeting.

5 CHAIR WEISSER: That's where we'll leave it  
6 today. I think I want to move forward in the agenda.

7 MALE VOICE: (Inaudible)

8 CHAIR WEISSER: Okay, we'll have both Charlie  
9 and you, and Charlie, why don't you come up first.

10 MR. PETERS: I'm Charlie Peters, Clean Air  
11 Performance Professionals, representing a coalition of  
12 motorists. People who fix cars for a living are  
13 providing a service that oftentimes the customer  
14 doesn't want. I haven't ever found a customer who said  
15 I want the car to fail or I want you to fix my car so I  
16 can get it registered, so they're very conscious about  
17 trying to stay away from complaints because complaints  
18 can tend to be very destructive to that relationship or  
19 to their survival in the business. So there is some  
20 possibility here that all these people are happy.  
21 Actually about the one result, maybe their cars didn't  
22 get fixed, maybe it was just manipulated to pass and  
23 the people that are unhappy are the ones that in fact  
24 got their car fixed. There doesn't seem to be any  
25 evidence here.

1 I've heard a number of times, well, these  
2 cars were fixed. Well, they got a certificate, but I'm  
3 from Missouri and you got to show me a little more than  
4 that to get me any convincing evidence that in fact  
5 that's true. It may very well be true, but unless you  
6 have some sample of cars where you know what's broken  
7 and finding out if what's broken gets fixed, and I can  
8 certainly provide you with plenty of anecdotal evidence  
9 that that may be an extremely significant factor based  
10 on my own personal experience, I think it's not  
11 appropriate to necessarily come to the conclusions that  
12 are being expounded here without some additional look  
13 at additional data that's not being taken into  
14 consideration.

15 CHAIR WEISSER: Thank you, Mr. Peters.

16 MEMBER LAMARE: [skip] emissions results that  
17 were certified by the state (inaudible) they were  
18 repaired. That does not mean they were fixed. Thank  
19 you.

20 CHAIR WEISSER: Chris.

21 MR. ERVINE: Chris Ervine with STARS. Here  
22 on page one of the presentation here it said there were  
23 70 questions. I count 27 and if you count the A, B,  
24 C's it comes out to about, oh, 33. Did I miss some of  
25 the questions back there?

1 MR. CARLISLE: That's a Form 10 number.  
2 Sorry.

3 MEMBER LAMARE: I'd just say that it was  
4 Form 10's idea that this was 70 data points, so I  
5 didn't myself do that count. If you'll notice,  
6 however, that questions like 2 and 3, questions like  
7 that are actually six questions because each respondent  
8 was asked did you talk to your friends or family about  
9 it? Did you talk to someone who works in the Smog  
10 Check business? Each one of those questions was asked,  
11 and was a yes/no question.

12 MR. ERVINE: Well, then a true/false question  
13 would be counted as two then also.

14 MEMBER LAMARE: I don't know how they did it.

15 MR. ERVINE: Oh, okay. All right, thank you.

16 CHAIR WEISSER: Thank you, Chris.

17 MEMBER LAMARE: This is the questionnaire,  
18 Chris.

19 CHAIR WEISSER: Okay, I have been asked by a  
20 prominent member of this Committee to give us a  
21 ten-minute break, and being the responsive soul that I  
22 am, we will take a break but we will restart promptly  
23 in ten minutes. Thank you. We're adjourned for a  
24 ten-minute break.

25 (Off the record.)

- o0o -

CHAIR WEISSER: Are we recording? Okay, then the meeting will now come back to order. Thank you. We'll now move on to agenda item number seven, which is a status report on the Smog Check marketplace trends. Mr. DeCota asked for this to be placed on the agenda, and at this time, Dennis, any introductory remarks you'd like to make?

MEMBER DECOTA: This information was gathered through Mr. Walker, who works with CASSARA on issues with the Legislature, so with that I'll invite Chris to do the presentation.

MR. WALKER: Good morning. Again, Chris Walker on behalf of the California Service Station Automotive Repair Association. While we're waiting for the lamp to heat up, the last several meetings that you folks have had here you've seen some shop owners both from the test-only and test-and-repair side of the house come to the podium and express frustration and anger over a changing business and marketplace for Smog Check.

I have a kind of simple mind, I like to see things visually, and so I went to Department of Consumer Affairs Bureau of Automotive Repair and looked at their executive summary, executive reports in their

1 Smog Check archive and started crunching the numbers on  
2 the number of inspections, and I went back to 2002 and  
3 collected data for the month of January '02, January  
4 '03, January '04 and then January '05, and looked at  
5 testing volumes, who was doing the testing to get a  
6 clearer picture of what's happening in the marketplace.  
7 [skip] repeatedly at this podium testing revenue for  
8 both test-only and test-and-repair is down  
9 significantly statewide. Consumer complaints are  
10 increasing.

11 [Begin PowerPoint Presentation]

12 This is a chart showing the number of tests  
13 each month, and I apologize because the -- let's see.  
14 The blue is the BAR directed test-only vehicles, the  
15 red is consumer choice test-only, and the yellow are  
16 test-and-repair inspections.

17 What you can see in January of 2002 that it's  
18 just short of a million tests per month. Of those,  
19 116,000 were directed. By the way, 2002 is after the  
20 Bay Area program was brought into the state, so that's  
21 a good starting point to show the full gamut of the  
22 marketplace. In 2002 in January 116,000 vehicles were  
23 directed by the state to test-only stations. An  
24 additional 93,000 chose to go to test-only for their  
25 own reasons, convenience, cost, whatever. And the

1 remainder, 743,000 vehicles in January of '02 went to  
2 test-and-repair facilities for their inspection.

3 And again, this was the marketplace in 2002  
4 when people were making decisions to buy equipment, to  
5 train their employees, to make installations and do  
6 what they needed to do to comply with the state's  
7 requirements to get into the Smog Check Program.

8 The following year the number of cars being  
9 directed to test-only by the state increased  
10 significantly. The number of people choosing to go to  
11 test-only went up as well, and so that ate into the  
12 number of cars at test-and-repair, so we went from  
13 743,000 to 635,000, a pretty big drop down. Again,  
14 this is monthly testing numbers.

15 The following year, 2004, the number of cars  
16 being directed to test-only by the state increased yet  
17 again, as did the number of cars choosing to go to  
18 test-only on their own, and that ate again into the  
19 test-and-repair bottom line, so the number of cars  
20 being inspected by test-and-repair went down to  
21 577,000.

22 Now, the summer of 2004 is when the infamous  
23 budget bill passed exempting out a tremendous amount of  
24 vehicles. That was borne out in the January '05 data  
25 which shows a significant drop across the board. The

1 number of cars being directed to test-only by the state  
2 again went up another increment to 236,000, the number  
3 of people going to test-only, choosing to go on their  
4 own, dropped down to 156,000, and the number of  
5 vehicles going to test-and-repair dropped to 378,000.

6 This is kind of a graphical representation of  
7 what people are seeing in the marketplace and why you  
8 have people standing up here complaining about what's  
9 happening to them and their businesses and their  
10 balloon payment mortgage.

11 Here's Smog Check by the numbers, January  
12 2002 versus January 2005. In '02 there were 681  
13 test-only stations and 7,000 test-and-repair stations.  
14 January of '05, four years later, the test-only  
15 stations have almost tripled to 1,587, and the number  
16 of test-and-repair stations were actually reduced to  
17 6,190.

18 The number of vehicles tested per station.  
19 In January of '02 the number of vehicles tested at  
20 test-only stations total over 209,000. The number of  
21 vehicles tested at test-and-repair stations is 743,000.  
22 In January of '05 the number of vehicles tested at  
23 test-only stations had increased to 392,000, and the  
24 number of vehicles tested at test-and-repair stations  
25 were less than that at 378,000. So the number of

1 vehicles being tested at test-only facilities today  
2 exceeds 50 percent.

3 Monthly testing volume per station is down in  
4 both test-only and test-and-repair since 2002. The  
5 number of test-only facilities have increased  
6 133 percent between '02 and '05. This growth, combined  
7 with more vehicle exemptions by the state, has served  
8 to reduce the number of tests per test-only station  
9 each month in 2005. The monthly testing volume per  
10 station at test-only has been reduced by 20 percent  
11 between 2002 and 2005. [skip]

12 The monthly revenue for test-only in 2002  
13 based on a \$50 smog test was close to \$10.5 million per  
14 month. In '05 we've gone up to about 19.6 million.

15 This is the monthly testing volume per  
16 station is down. The number of test-and-repair  
17 stations decreased 12 percent between 2002 and 2005.  
18 However, this decrease in stations was not enough to  
19 offset the effect on test per station ratio [skip?] of  
20 new vehicle exemptions created by the Legislature. The  
21 monthly testing volume per station at test-and-repair  
22 has been reduced by 42 percent between 2002 and 2005.

23 Here the chart shows per month in '02  
24 test-and-repair stations tested approximately 106  
25 vehicles. Today in '05 that's down to about 61 cars

1 per month.

2 I'd like to add in also that this is  
3 statewide numbers right now. You've heard some people  
4 get up and talk about their testing numbers being off  
5 by as much as 90 percent. That's because the way that  
6 the BAR calculates the number of cars being directed  
7 and particular demographics within a region; i.e.,  
8 newer cars versus older cars. The situation can be  
9 greatly exaggerated in certain areas, particularly in  
10 the Bay Area. The wealthier areas where we have newer  
11 cars, the hit on test-and-repair is even more  
12 significant than you see here.

13 Monthly revenue for test-and-repair stations  
14 between 2002 and 2005, again this assumes a \$50 smog  
15 test. In '02 test-and-repair stations were receiving  
16 \$37,150,000 per month in testing revenue. In '05 based  
17 upon the January and February numbers, we're looking at  
18 \$18,900,000. Significant reduction.

19 The Smog Check consumer complaints are up.  
20 Angry consumers are letting the stations know this  
21 frustration. They are frustrated with the denial of  
22 choice. Why can't they be getting their inspections at  
23 a test-and-repair station that they know and trust?  
24 They're upset with being ping-ponged back and forth,  
25 with the higher costs and the more time associated with

1       it.

2               Another phenomenon which is interesting to me  
3       is, when you look at the total number of tests, again  
4       they're on the decline, represented here in the blue  
5       charts, they're trending down due to the exemptions.  
6       And this covers the last 19 months.

7               However, when you look at the number of  
8       consumer complaints or increase to the consumer  
9       information center, the calls coming in for the  
10      Department of Consumer Affairs relating to Smog Check,  
11      the numbers are up. So what we're seeing in the  
12      streets and in our shops is being borne out by the data  
13      coming into the consumer information call center.  
14      Again, whether they're all complaints or all inquiries,  
15      we do not know (inaudible). However, the general  
16      interest in having a consumer pick up a phone to call  
17      Department of Consumer Affairs because of Smog Check is  
18      on the increase at the same time the volume of tests is  
19      on the decrease.

20              Is that it, Rocky? We've got one more. Here  
21      we go.

22              The conclusion is that those test-only and  
23      test-and-repair are being harmed. Unfortunately,  
24      increasingly, the industry is divided and pitted  
25      against each other, even though test-only and

1 test-and-repair are basically the same folks.  
2 Test-onlys are former test-and-repair people that have  
3 seen greener pastures in a different business model.  
4 Unfortunately, my observation has been that they have  
5 grown to over capacity. The state politically being  
6 afraid of \$100 Smog Checks for consumer went out  
7 aggressively marketed and campaigned buy the equipment,  
8 get your facilities built, train your employees. This  
9 is particularly true in the Bay Area. Get these things  
10 going now. We need you to have your capacity up and  
11 now, we've got a lot of cars coming your way. Build  
12 it, they will come.

13 Then program reductions. State reduces the  
14 number of cars subject to inspection by whim here,  
15 because there really isn't any rhyme or reason when the  
16 state makes these decisions. In last summer of '04 the  
17 number of cars that [skip] there wasn't a single public  
18 hearing on this measure.

19 Marketplace manipulation. Instability of the  
20 market. There's great instability in this marketplace  
21 and it's created by the state direction of vehicles.  
22 Again, we don't know from day to day what the state is  
23 doing in terms of the number of cars that are being  
24 sent, their intervention in the marketplace. We lose  
25 consumer choice. It removes stability upon which

1 business owners, both test-and-repair and test-only  
2 business owners can use to make their decisions.

3 With that, that concludes my presentation.

4 [End PowerPoint Presentation]

5 CHAIR WEISSER: Well, Chris, first I want to  
6 thank you for putting forward what I think is a  
7 terrific model of the powerful use of PowerPoint. I  
8 think you presented this information in a cohesive and  
9 concise fashion and I hope everyone in the audience and  
10 in our own Committee kind of goes to school and sees  
11 how well you were able to pull together both the  
12 datasets that you used and the editorial remarks that  
13 you made in terms of using it in a well-fashioned  
14 presentation. I have a couple questions and I'd like  
15 to open it up to other Committee members.

16 The Bay Area went to Enhanced I&M in 2002,  
17 and I actually thought it was more recent, I thought it  
18 was 2003. Is it '03? Okay. Well, that's still – the  
19 fact that you have 2002 data in there doesn't detract  
20 from the points that you were making at all.

21 The use of a \$50 per test figure as a proxy,  
22 because you're guessing, I think if anything you may be  
23 understating the dollars that are associated with the  
24 program, particularly if you were to normalize the  
25 dollars considering inflation, and I believe what we'll

1 see as the increase in expense associated with the  
2 addition of Enhanced I&M in the Bay Area, the price of  
3 testing there has gone up, I imagine, considerably.

4 I'm going to be quiet for a while and see if  
5 there are other members of the Committee that have  
6 questions associated with either the quantitative  
7 content or the editorial content of the presentation.

8 Jeffrey?

9 MEMBER WILLIAMS: I don't know that you were  
10 here when I made a bit of a presentation on some of  
11 this material using Fresno as an example in number of  
12 tests done. I found that the percentage going to  
13 test-only, directed plus the volunteers, over the two  
14 years I looked at was surprisingly constant. I think  
15 what's going to happen here is January 2005 has changed  
16 the business model for everybody and a lot of cars have  
17 been removed.

18 I also, if you recall, looked at the number  
19 in Fresno and elsewhere, the number that were initial  
20 inspections versus change of ownership, which is a  
21 substantial fraction of the total inspections. [skip]  
22 a large part of this drop is due to the change in the  
23 rules for initial inspection, change of ownership,  
24 whatever, that were being done by new car dealers. I  
25 think the drop is still there, but I would guess it's

1 maybe half of the total tests now because what's really  
2 changed is the number of tests being done in the new  
3 car dealers. And I wish we could (inaudible) these two  
4 effects to whether it was the rule changes for change  
5 of ownership and initial inspections or the fifth and  
6 sixth year exemptions, so another layer of analysis  
7 might tell us a lot more.

8 MR. WALKER: Sure. It is the case that those  
9 businesses, test-and-repair and test-only, who had  
10 configured their business in close proximity to  
11 dealerships, many dealerships farmed it out and those  
12 businesses are hurting tremendously. And your  
13 assumption is correct, a big chunk of that overall  
14 reduction was from [skip].

15 [skip] have copies today. You have heard my  
16 editorial comments, though.

17 CHAIR WEISSER: Those are emblazoned. No,  
18 it's so clear in terms of the impacts of these changes,  
19 and I have to say that in this sort of business that  
20 you folks in the audience are in, both test-only and  
21 test-and-repair, you face a real two-horned monster.  
22 You face the normal competition that you face in  
23 virtually all markets in this country, and that's  
24 difficult enough, then you also face this very high  
25 level of uncertainty that I'll call the regulatory

1 risk. I don't envy any of you the position that you're  
2 in nor the attempting to divine what's the next step  
3 that's going to happen in this uncertain regulatory  
4 world.

5 The data that you've put forward surely  
6 indicates tremendous change in the market dynamics  
7 affecting both test-only and test-and-repair. And if  
8 there's one thing I've learned over my years of  
9 investment and participation with representatives of  
10 the private sector, there's nothing that business  
11 abhors more than uncertainty, and we have managed to  
12 create a teeter-totter that we're asking test-only and  
13 test-and-repair businesses to balance on while they go  
14 about attempting to do their work and compete  
15 successfully in the marketplace, and I'm very sensitive  
16 to that.

17 John?

18 MEMBER HISSERICH: Just a quick comment. You  
19 know, this phenomenon of prevention, if you will,  
20 beginning to change the nature of the marketplace  
21 appears in many other fields, as you're aware. I mean,  
22 presumably automobile manufacturers, at least in  
23 theory, are creating vehicles that are less polluting,  
24 and thereby I guess we saw you fairly whimsically point  
25 out change in the legislation, but I'm sure in part

1 that was driven by some concept that cars are getting  
2 cleaner, if you will. New materials and fire  
3 prevention techniques reduce the number of fires, et  
4 cetera, et cetera, you can pick out any industry.

5 And so in some respects you're faced with  
6 that phenomenon that cleaning up in other parts of it  
7 may affect in the long run the demand for the industry.  
8 But parenthetically, very often those controls on the  
9 vehicles become much more complex than the initial  
10 simple gasoline engine that you began testing, so it's  
11 sort of interesting thinking about whether or not  
12 training for the people that do the testing should be  
13 easier or harder when you're in a situation where there  
14 may be fewer things to test but the ones you have to  
15 test are going to be a little trickier to test and  
16 evaluate, so it's just kind of an observation, I guess,  
17 if you will, that industries have to and do change as  
18 technology evolves.

19 MR. WALKER: Again, just another editorial  
20 comment here from my clients' perspective. We opposed  
21 the reductions and exemptions of vehicles from the  
22 program last year on basically two grounds. One is  
23 emission reductions. There were significant tons left  
24 on the table by walking away from earlier testing of  
25 vehicles.

1           The second is consumer protection.  
2       Presumably, many vehicle manufacturers are creating  
3       components with more durability that are lasting  
4       longer, however, there's no third eye review to see  
5       whether or not that in fact is occurring now and into  
6       the future. In fact, by moving the biennial test from  
7       the fifth birthday to the seventh birthday, you have  
8       moved the first inspection for a primary vehicle owner  
9       outside for all intents and purposes the emissions  
10      warranty period. That is very troubling to members of  
11      CASSARA from a consumer protection point of view.

12           CHAIR WEISSER: And it's very troubling to  
13      the members of this Committee.

14           MR. WALKER: So again, I would hope that the  
15      manufacturers are producing engines with great  
16      durability, emissions components with strong  
17      durability, because we just put all our money in that  
18      basket. Thank you.

19           CHAIR WEISSER: Dennis?

20           MEMBER DECOTA: I just want to [skip] I don't  
21      per se represent CASSARA, I represent the automotive  
22      industry, both test-and-repair and test-only, although  
23      I've been pitted many times into a corner which seems  
24      I'm heavily biased on test-and-repair issues.

25           I think the report that we've presented shows

1 the magnitude of what occurs when government tries to  
2 run free enterprise and business and create a false  
3 economy in something as important as Smog Check, and  
4 that is the reason we don't mind being regulated. We  
5 do not mind as an industry to take and go out and be  
6 entrepreneurial from the standpoint of competing with  
7 one another for the consumer's dollar, but when  
8 bureaucracy starts directing a large amount of  
9 vehicles, that teeter-totter does crash. And I think  
10 the program is headed for a very ill result as it  
11 exists today and we must be in our ability to make  
12 recommendations, I feel, educated to the issues and how  
13 that teeter-totter is going up and down. So with that,  
14 again, Chris, thank you.

15 CHAIR WEISSER: Thank you, Chris. Any  
16 further comments? We'll take some brief comments from  
17 the audience and start from the right and work our way  
18 to the left. Chris, please.

19 MR. ERVINE: Chris Ervine, Coalition of State  
20 Test-and-Repair Stations. First, Chris, that was a  
21 very good presentation. One thing that I think was  
22 missed on there, and it was right towards the end, is  
23 Chris showed that there was a decrease in the number of  
24 vehicles going to test-and-repair while there was an  
25 increase in the number of vehicles that were going to

1 test-only. He also pointed out that test-only revenues  
2 are down because there's so many test-only stations out  
3 there.

4 I don't feel sorry for them. This is good  
5 honest competition. We do not have competition in the  
6 test-and-repair industry with the test-only industry.  
7 The test-only industry is directed our customers to  
8 their facilities and our customers have no choice where  
9 they're going. The competition with test-only and the  
10 loss of revenue that they're suffering is only because  
11 of the number of test-onlys out there, not because the  
12 state has reduced the number of vehicles going to  
13 test-only. The only place there's been a reduction of  
14 vehicles has been the number of vehicles that are  
15 available and that's come right out of test-and-repair.  
16 Thank you.

17 CHAIR WEISSER: Thank you, Chris. We're  
18 going to go to Larry.

19 MR. ARMSTRONG: Yes, my name is Larry  
20 Armstrong. I'd just like to do a couple of just really  
21 brief historical comments here.

22 Mr. Walker talked about over capacity in the  
23 system as it exists, and I just want to remind this  
24 Committee that the Bureau of Automotive Repair made a  
25 presentation to this Committee saying that everything

1 had gone very smoothly in the Bay Area when the  
2 so-called enhanced program was implemented and that  
3 they weren't getting complaints and that everything had  
4 gone fairly smoothly. I just want to call your  
5 attention to the fact that at that moment in time there  
6 were virtually no test-onlys and so all of those  
7 test-onlys that came into the marketplace after that  
8 point in time eroded the ability of the people in the  
9 test-and-repair business to do business, which has  
10 created a debacle out there right now.

11 I mean, people don't [skip]. Truck drivers  
12 when they get diesel fuel gets increased to a point  
13 where they can't stand it any more and they're getting  
14 bent out of shape and they start letting everybody know  
15 about it, if the test-and-repair people across the  
16 state vented their anger on this Committee I think it  
17 would be a very scary thing, I can assure you.

18 [skip] I'd also like to point out what was  
19 going to happen if all of the things in the bill that  
20 was working its way through at that point in time was  
21 implemented, and I was very carefully ridiculed by the  
22 moderator and people in the Bureau of Automotive Repair  
23 as I was just saying what the proposed law was  
24 proposing to do to the industry.

25 For one more point here I will say that the

1 person that was attempting to ridicule me the most,  
2 which I assume was done so that people bought equipment  
3 that they may not have bought if they had known the  
4 truth, but this Committee then turned around and hired  
5 that moderator to be its executive director. So I just  
6 like to keep up with history a little bit and I'd like  
7 you folks to keep up with history. Thank you.

8 CHAIR WEISSER: Thank you. Yes, Mr. ASC.

9 MR. POLEMUS: Andy Polemus from ASC.

10 CHAIR WEISSER: What does ASC stand for?

11 MR. POLEMUS: Automotive Service Councils of  
12 California.

13 CHAIR WEISSER: Thank you.

14 MR. POLEMUS: I just want to comment that,  
15 although I'm sure Chris's numbers and the percentage  
16 and actual number of testing being done were really  
17 accurate, he had to choose something so he chose a \$50  
18 price, but I can tell you that in Stockton in '98 when  
19 the program came online the price was substantially  
20 higher than 50, and as could be expected, it came down  
21 as competition increased. But as the new market model  
22 test-onlys became very lucrative and a lot more  
23 test-onlys showed up and competition did its natural  
24 thing and prices came down. In 2002, 50 was probably a  
25 pretty good accurate price for Stockton. The average

1 is much lower than that, probably closer to \$40 on  
2 tests now. So his dollar amounts in that report are a  
3 rosier picture than what really exists.

4 CHAIR WEISSER: Thank you very much.  
5 Mr. Ward.

6 MR. WARD: Thank you, Mr. Chairman and  
7 members. Randall Ward, Executive Director of the  
8 California Emissions Testing Industries Association. I  
9 appreciate Chris making that presentation. I think  
10 there are some things that need to be pointed out.

11 The 2002 number didn't include the Bay Area,  
12 so I think that from a statistical standpoint the data  
13 points need to be looking at 2003 and 2004 more  
14 significantly.

15 I've looked at the numbers on behalf of my  
16 members, and as Chris indicated, the difference between  
17 January '04 and January '05 in the loss of actual  
18 business volume for both test-and-repair and test-only  
19 has been 20 percent for test-only, 25 percent for  
20 test-and-repair, so the impact has been significant for  
21 both of us and the dollar losses have been significant.

22 And the impact on competition. I mean, the  
23 increase in the number of test-onlys has not only  
24 impacted test-and-repair, it's impacted the other  
25 test-onlys, it's part of that mix.

1 I fully anticipate over the next 12 to 18  
2 months that we're going to see a corresponding  
3 reduction in the number of test-only businesses. The  
4 vast majority of test-onlys are owner-operated  
5 businesses that are doing very, very small volumes and  
6 the 20 percent will put them in a position where  
7 they're going to have to close up, and that's the  
8 bottom line.

9 The difference being a test-and-repair  
10 business has the other option, they repair vehicles.  
11 If a test-and-repair business is surviving on the \$40  
12 or \$50 they're making for a Smog Check, then  
13 something's wrong. They repair vehicles, they have  
14 another option. The test-only component does not. If  
15 they can't test the vehicles, then they're out of  
16 business.

17 I think also it's important to point out, I  
18 was looking and listening very closely to Chris's  
19 comments about the DCA call center and the increased  
20 number of calls, and it was not clarified whether those  
21 calls were complaints specifically, but I think the  
22 point is there's an increased number of calls, so it's  
23 logical to assume you'd have an increase in calls to  
24 that call center.

25 And last as I finish up, I have sat and

1 listened to the Bureau and Mr. Carlisle be resoundly  
2 criticized by representatives of the test-and-repair  
3 industry in the Bay Area that indicate that they were  
4 painted rosy pictures of what their business would be  
5 like once the Bay Area became enhanced, and I think  
6 Rocky may be reluctant to speak for himself, but I want  
7 to assure you that he showed them what the numbers  
8 were, the number of directed vehicles. He used  
9 examples of what had happened in the Southern  
10 California area where there was a very accurate  
11 history, so to say, and I've said this before, that the  
12 eyes weren't open on the part of the test-and-repair  
13 businesses who chose to go into this program is  
14 incorrect.

15 CHAIR WEISSER: Thank you, Mr. Ward. I don't  
16 think Rocky Carlisle frankly needs any defense against  
17 those sorts of allegations, period.

18 Mr. Peters.

19 MR. WARD: I appreciate that.

20 MR. PETERS: Mr. Chairman and Committee, my  
21 name is Charlie Peters and Clean Air Performance  
22 Professionals and we represent a coalition of  
23 motorists. I provided to your very able employee a  
24 handout for today's meeting, and in this is proposed  
25 legislation (inaudible) and responses from a number of

1 different people and I just wanted to share with you  
2 the letter by Mr. Ross, an update on the status of  
3 Mr. Cruz. There's some additional information there as  
4 well. Even is a response from the prosecuting attorney  
5 general in the Cruz case requesting some information  
6 about the statements in our proposal.

7 We think that this could have a very  
8 significant – provide a very significant amount of data  
9 and information to the Committee as to whether or not  
10 cars are getting fixed, behavior situations, how much  
11 emissions they're really creating and so on if  
12 appropriately supported. At this point we do not have  
13 a legislator to carry it, but it is sitting there  
14 available to become an urgent bill or whatever somebody  
15 would choose to do.

16 We think that the subject matter being  
17 discussed is really important. Unfortunately, there's  
18 no real data to indicate what's really going on,  
19 whether cars are getting fixed or whether they're not,  
20 what the real behavior is, what the real public opinion  
21 is, just a lot of assumptions that we believe could be  
22 resolved through this proposed legislation. Thank you.

23 CHAIR WEISSER: Thank you, Mr. Peters.

24 I guess I want to make kind of an overall  
25 statement. This Committee is on record in terms of

1        what it supported and what it opposed in terms of the  
2        program modifications, some of which came about last  
3        year. The Air Resources Board and BAR in their report  
4        when it was initially released in draft form also put  
5        forward their suggestions in terms of program  
6        modifications. Both the ARB/BAR draft and this  
7        Committee's report to the Legislature started from the  
8        place that our fundamental job is to identify  
9        opportunities to improve the program's performance in  
10       terms of cost-effective and consumer-friendly emission  
11       reduction strategies.

12                Now you can't achieve that without a healthy  
13       industry, but I do not believe that it is this  
14       Committee's responsibility to ensure any particular  
15       success or failure in terms of a particular station  
16       (inaudible). I do believe that it is this Committee's  
17       responsibility to come forward with recommendations and  
18       analyses when it sees that program changes are going to  
19       destabilize the industry to the point that it no longer  
20       will be able to perform the functions that actually end  
21       up in emission reductions. The profitability of an  
22       industry sector or a particular player in the industry  
23       to me is important in terms of how it would affect the  
24       functioning of the program.

25                I think we've heard a lot of very good

1 information and good testimony associated with the  
2 impact of uncertainty on the ability of the industry,  
3 both test-and-repair and test-only, to provide the  
4 vital services that they come forward with on a daily  
5 basis to the California motoring public and the  
6 California breathing public. With that, I would  
7 suggest that we at least at this point in time conclude  
8 our discussion on this item, unless there's anything  
9 else anyone on the Committee would like to add.

10 - oOo -

11 You know, before we break for lunch, I would  
12 like to skip and pluck out of our agenda item 9f which  
13 deals with the organizational placement of the Smog  
14 Check Program and have that discussion take place and  
15 following it we can have a lunch break, if that's okay  
16 with the rest of the Committee members.

17 In your book and not available to the public  
18 is a working draft analysis of the questions that we  
19 have been talking about the last couple of meetings  
20 associated with whether the Smog Check Program should  
21 be placed organizationally and from a policy  
22 perspective continue to be placed within the Bureau of  
23 Automotive Repair residing in the Department of  
24 Consumer Affairs or whether there's another  
25 organizational approach that might be more suitable for

1 catalyzing the sort of program performance that I think  
2 we're all interested in.

3 Rocky Carlisle, through feats unknown to the  
4 rest of mortal man, managed to extract an, I think, a  
5 pretty cogent summary of the nature of our discussion  
6 that we've had in the last couple of months at these  
7 meetings and also do quite a bit of independent  
8 research and has come forward with what I characterize  
9 as an initial draft statement of the issue and of some  
10 background. He laid out the four or five alternatives  
11 that I think I portrayed in extremely skeletal form,  
12 and he has begun the process of, and I think done a  
13 very good job of, trying to identify kind of the pros  
14 and cons of a variety of these various different  
15 organizational options.

16 What I want to do today as part of the work  
17 to kind of refine this is to run through those five  
18 options to make sure that no new ideas have come up  
19 among Committee members that we need to do further work  
20 on, and to invite you to, not just at this meeting,  
21 members, but after the meeting to suggest other pros  
22 and cons that we may have missed up to this point that  
23 we should put in here for our consideration, and to get  
24 some discussion going on between Committee members  
25 associated with any of the aspects of this issue.

1           As you will recall, as backdrop, this issue  
2       arose in my mind during the period of time when we were  
3       discussing our report subsequently submitted to the  
4       Legislature where let's just say a separation of  
5       viewpoints emerged from the Bureau of Automotive Repair  
6       and the Air Resources Board regarding the  
7       recommendations that were contained in their draft  
8       report. It's my understanding, and someone in the  
9       audience should correct me if I'm wrong, someone from  
10      either ARB or the Bureau [skip] that clarify their  
11      perspectives associated with the recommendations in the  
12      draft ARB/BAR report.

13           And before I go any further, is that an  
14      accurate summarization? If it's not, would somebody  
15      raise their hand and step forward and tell me that, no,  
16      there are no discussions going on or whatever. Is  
17      there, Chief Ross, is there something you'd like to  
18      add?

19           MR. ROSS: Dick Ross, Bureau of Automotive  
20      Repair Chief. The BAR and the ARB have met, we have a  
21      lengthy agenda of topics that are dynamic in nature,  
22      and on that list of topics is the April 2004 report.

23           CHAIR WEISSER: So it is accurate to say that  
24      the two agencies are discussing the report to see how  
25      they're going to go forward.

1                   MR. ROSS:   Correct.

2                   CHAIR WEISSER:   And would it be inappropriate  
3                   for me to ask that the agencies be able to report to  
4                   this Committee the status of those discussions at our  
5                   next meeting?

6                   MR. ROSS:   If there's information to report  
7                   at that time it will be communicated to the IMRC.

8                   CHAIR WEISSER:   Thank you.   Well, as those of  
9                   you who were present at the, I think it was our January  
10                  meeting Rocky, I, as you might imagine, was  
11                  considerably distressed over the change in perspectives  
12                  that we heard from BAR and it raised in my mind, and as  
13                  it turns out the mind of many of the Committee members,  
14                  the question of whether the goals of this program, and  
15                  the goals of this program are to reduce emissions in a  
16                  cost-effective way and a consumer-friendly way, were  
17                  being best met by being included in an agency or housed  
18                  in an agency whose principle responsibilities are  
19                  consumer protection, important consumer protections.  
20                  However, the goals of this program might be better  
21                  served if it was housed in an agency with environmental  
22                  regulatory responsibilities, and we decided that as  
23                  part of our next endeavors in terms of the review of  
24                  the overall program that this would become one of the  
25                  issues or items that we would be dealing with.   So

1       that's all for background.

2               It seemed to me then and still remains that  
3       there are fundamentally five options that are  
4       potentially available ranging from the 'do nothing'  
5       alternative; in other words, keep on going forward with  
6       the existing structure which has worked for as long as  
7       the program has been around.

8               The second option would be to transfer the  
9       entire Bureau of Automotive Repair to the Air Resources  
10       Board. There are lots of issues associated with that  
11       that this paper attempts to list.

12              A third option would be to somehow only  
13       transfer the Smog Check Program from BAR to CARB.  
14       There are lots of organizational issues that that  
15       raises and financial issues of program support for both  
16       the program itself and for the BAR and the Department  
17       of Consumer Affairs.

18              The fourth option would be to transfer the  
19       policy and budget authority associated with the program  
20       but leave the physical structure, the physical  
21       management and the actual implementation of the program  
22       with BAR. That would attempt to give the air quality  
23       policy regulators at ARB the controls of essentially  
24       how the program is run, you know, where the cut points  
25       are made. All the policy issues that would have an air

1 quality impact, transfer those over to ARB, but leave  
2 the actual program implementation and administration  
3 within BAR.

4 And the fifth option I guess I'd characterize  
5 the same as the last option that I mentioned, but to  
6 also put a board of some sort overseeing the operations  
7 of BAR. That has been suggested by folks in the past,  
8 most recently I guess in the legislative oversight  
9 hearings of last year that took place.

10 I don't think today is the day for us to  
11 debate these among ourselves in any great detail, but I  
12 think it is the day for us to raise issues that we  
13 would like to see evaluated and discussed in this  
14 analysis. I'd like to have the analysis completed  
15 before we engage very deeply in coming forward with a  
16 recommendation if in fact a recommendation emerges from  
17 this group, so with that as backdrop, are there any  
18 suggestions either in terms of other options that  
19 haven't been considered or factors that we need to  
20 consider in terms of coming forward with this analysis  
21 that anybody would like to come forward with?

22 Mr. Hisserich.

23 MEMBER HISSERICH: Just a quick question.  
24 The options that would have a budgetary and management  
25 and the policy components moved to another agency, are

1     you aware of precedents and other circumstances in the  
2     state government where there's sort of a bifurcation  
3     like that where policy and budgetary authority are in  
4     one component and operational issues are in another?

5             MR. CARLISLE: Only in the early Smog Check  
6     Program where ARB administered the centralized program  
7     in Los Angeles. As I recall, they had either an MOU or  
8     (inaudible).

9             CHAIR WEISSER: Yeah, I think there are  
10    several or many instances in state government where  
11    you'll find program responsibility split where you need  
12    a number of players in order to complete a  
13    responsibility, and those are usually dealt with in  
14    terms of implementation through a lot of coordination  
15    that's needed, including memorandums of understanding  
16    as to who's responsible for what.

17            I thought here that it's important to  
18    transfer, if you were going to follow this approach,  
19    transfer not only the policy responsibilities that are  
20    placed in statute associated with the program but also  
21    the budget authority, because I think, frankly, whoever  
22    controls the budget controls policy and I think there  
23    needs to be a complete alignment there.

24            You also have a similar sort of bifurcation  
25    in terms of responsibility implementation in air

1 quality programs insofar as the relationship between  
2 the USEPA, the ARB and regional air quality management  
3 districts exists. You have agencies setting policy,  
4 other agencies responsible for their implementation.  
5 It ain't perfect. I think in the perfect world we  
6 always like to see complete integration, but the nature  
7 of our federal republic is such you never get complete  
8 integration, and the nature of this program may be such  
9 that there may be advantages outweighing the  
10 disadvantages of bifurcating the program. That's my  
11 two cents, John.

12 Comments or questions from the Committee?

13 Yes, Dennis?

14 MEMBER DECOTA: Just glancing through the  
15 different options and some of the pros and cons, you  
16 always tie automotive repair, which automotive repair  
17 and Smog Check may be two different issues from the  
18 standpoint of a budgetary decision here, okay? You  
19 have 7500 approximately smog-related facilities that  
20 are charged with the responsibility of emission  
21 reductions, while you have, if I'm not incorrect, over  
22 30,000 licensed automotive repair dealers in the state,  
23 so maybe we need to look at that.

24 CHAIR WEISSER: Correct me if I'm wrong, but  
25 I think that what was intended here was, particularly

1 in the items other than move the whole Bureau of  
2 Automotive Repair over to ARB, was a more surgical  
3 slice of the Smog Check Program aspects over to ARB.  
4 Is that correct, Rocky?

5 MR. CARLISLE: Right, that's correct.

6 CHAIR WEISSER: So that recognized that BAR  
7 is more, far more than just Smog Check. And I can say  
8 as a consumer they served me well 20 years ago in just  
9 a bread-and-butter kind of auto repair dispute that I  
10 had.

11 MR. CARLISLE: One of the issues I might  
12 mention is (inaudible) ARDs closer to 40,000  
13 (inaudible) as there's only about eight and a half  
14 million that's generated from registration fees, if you  
15 will, from those ARDs, which I don't know the —

16 MEMBER DECOTA: When you run the risk if you  
17 did such a thing of just having the reverse that you're  
18 trying to accomplish now and have more control, are you  
19 going to ask air people to take and oversee automotive  
20 repair issues that may not be in their expertise? So I  
21 think that's something we need to think about.

22 CHAIR WEISSER: I think that's a good point  
23 and what it tells me is that we need to be really clear  
24 that in those alternatives where we're talking about  
25 merely Smog Check, we need to work hard to

1 differentiate the policy roles that ARB would take  
2 regarding the Smog Check Program versus the traditional  
3 repair sorts of issues that BAR gets involved in.

4 I'll tell you that I would really appreciate  
5 a lot of input to John and I as we work with Rocky  
6 coming up with a draft that we feel comfortable in  
7 releasing to you and to the public and that relates to  
8 the desirability and the functionality of any sort of  
9 oversight group associated with BAR. I would like to  
10 get a better understanding of how that might work if we  
11 had such a group, what issues that might address or not  
12 address associated with the Smog Check Program.

13 We also could use, because obviously if you  
14 had such a board it would not merely be limited to Smog  
15 Check issues, it would also be limited to the full  
16 panoply of activities BAR is responsible for, input  
17 from folks that are familiar with their work on regular  
18 repair, so I would invite input through Mr. Carlisle  
19 following this meeting by any members of the public and  
20 the Departments that might have some insights to share  
21 that we should take into consideration in evaluating  
22 that somewhat complex and definitely controversial sort  
23 of wrinkle on the organizational issues that we're  
24 dealing with at hand.

25 Jude?

1           MEMBER LAMARE: I think you probably have to  
2 address the role of IMRC in each of these options, if  
3 any.

4           CHAIR WEISSER: Yes, good point. We really  
5 don't talk about the IMRC at all in here.

6           MR. CARLISLE: I didn't want (inaudible).

7           CHAIR WEISSER: That's too much (inaudible).  
8 Okay, if there are no other comments at this moment  
9 from members of the Committee, I would like to open it  
10 up to get some advice and input from the public. Ah,  
11 Dennis.

12           MEMBER DECOTA: Just quick, and most of my  
13 fellow Committee members may not be aware (inaudible)  
14 here real quick. The program when it originally  
15 started was a decentralized program that was  
16 centralized in the southern part of the state. The  
17 northern part of the state was decentralized, meaning  
18 that there was a contracted tester in the southern part  
19 of the state versus free enterprise in the northern  
20 part of the state.

21           After, I believe, one complete period, I want  
22 to say four years, I believe I'm correct, four years of  
23 having the split state, it was determined through the  
24 Legislature that Senator Boatwright carried the bill  
25 that unified the state again into a decentralized

1 program because of the issues of fraud and manipulation  
2 in the centralized component of the Smog Check Program  
3 that was in Southern California at that time. We went  
4 back to a fully decentralized program, and as we moved  
5 toward enhancing the Clean Air Act basically drove a  
6 decentralized program. It was, again, legislation that  
7 became the hybrid program that we basically have today  
8 in testing and in order to satisfy the issues with  
9 regards to the Clean Air Act.

10 The only reason I'm bringing you through this  
11 is, you've got to kind of be careful of what happened  
12 in the past as far as history goes on why these  
13 programs tripped and failed, bring that into  
14 consideration and [skip]

15 CHAIR WEISSER: That's why it's terrific,  
16 Dennis, that you're on the Committee, because you can  
17 give us that sort of insight and input and at least  
18 highlight issues that we need to keep our eye on.  
19 Those who don't study history are condemned to repeat  
20 it, I think is an accurate statement.

21 Okay, so with that let's go to the audience,  
22 and we'll start with Mr. Peters and work our way left  
23 to right.

24 MR. PETERS: Mr. Chairman and Committee, I'm  
25 Charlie Peters, Clean Air Performance Professionals, a

1 coalition of motorists. Interesting discussion. You  
2 gave a list of possible considerations. I would  
3 suggest the possibility of adding one. No  
4 consideration here of appropriately empowering and  
5 supporting the Bureau of Automotive Repair to work on  
6 improving what they have rather than change it. I  
7 think the easiest things to do are to make what you've  
8 got work better rather than create a new very possibly  
9 more failing process than you currently have, and since  
10 it's pretty easy to define what we don't know and what  
11 might be possible to make better here, instead of the  
12 Committee bashing the chief of the Bureau of Automotive  
13 Repair for wanting to give some additional  
14 consideration, which is about creating consensus or  
15 maybe special interest (inaudible) somewhere, maybe we  
16 ought to be communicating and helping each other to  
17 consider possibilities that might make it better.

18 So Dennis brought up an interesting  
19 individual who's close relationship used to be  
20 significant to a Bureau of Automotive Repair employee  
21 who is now a lobbyist who had a significant impact on  
22 the previous history of the program, indicating that  
23 that was the person that carried the legislation, and I  
24 think that is invalid and incorrect. I believe Senator  
25 Boatwright stopped the central program going statewide,

1 but I think it was Senator Presley who carried the  
2 legislation that made the change, but just as a matter  
3 of comment.

4 But I suggest –

5 MEMBER DECOTA: Wait a second. First of all,  
6 you don't know what you're talking about, okay, and I  
7 take that as a direct insult, because Mr. Walker has  
8 never worked for the Bureau of Automotive Repair, who  
9 you're referring to. I've known him since he graduated  
10 from college. I know where he's worked from that date.  
11 So I don't know where you're going, Charlie. I don't  
12 understand what your point here is, okay. CASSARA  
13 sponsored the bill that Senator Boatwright passed that  
14 unified the state. I was on the board, I know these  
15 issues. So I would appreciate if you would stop  
16 pontificating, state an actual opinion that we can  
17 understand and move on.

18 CHAIR WEISSER: Thank you. His time was off  
19 so you didn't lose any time on that. Thank you very  
20 much. Mr. Peters, please continue.

21 MR. PETERS: Thank you, Dennis, for providing  
22 your opinion. I believe the bill that was carried was  
23 SB33, I believe the primary author of that was Senator  
24 Presley. I believe the person who put in the deciding  
25 vote that got that to pass was Senator Boatwright and

1 he was very significant in that process.

2 You know, is that an important issue for us  
3 to consider? Maybe yes. Probably not. The issue is  
4 what are we going to do, what are we doing, where do we  
5 need to go? I think that's the issue.

6 The person I'm referring to at the Bureau of  
7 Automotive Repair is not the person that we're  
8 discussing, it's a person who recently was the deputy  
9 chief in charge of engineering who [skip] and I'm  
10 sorry, Dennis, that you misunderstood my comments.

11 CHAIR WEISSER: Thank you, Mr. Peters. I  
12 think the take-home message for me from your comment  
13 relates to the first option that we have here, which is  
14 retain the existing program, and of course I agree with  
15 you that we would need to make sure that we in our  
16 write-up include discussion of how can we strengthen  
17 and have that program operate at its highest level of  
18 efficiency.

19 And I would tell you insofar as I'm aware  
20 [skip] of what's associated with the management and  
21 operations of the Bureau of Automotive Repair. I have  
22 yet to meet someone who is not dedicated and  
23 responsible in trying to do their very, very best for  
24 that program. We may have disagreements, but you'll  
25 never find anything coming out of me or anyone else on

1       this Committee that will be disparaging of the  
2       professionalism that we've seen in the Bureau of  
3       Automotive Repair. There are differences of  
4       perspective, there are differences of opinion and there  
5       are differences in terms of where some of us think  
6       priorities ought to be put, but we're not disparaging  
7       of them and you will not see anything in this analysis  
8       that will be disparaging. We will identify items where  
9       we disagree. That's part of the process, you're  
10      allowed to disagree.

11               Marty.

12               MR. KELLER: Good afternoon. I'm Marty  
13       Keller, I'm the Executive Director of the Automotive  
14       Repair Coalition. I wanted to just ask a question and  
15       make an observation.

16               The question is, is there a reason why you're  
17       not considering some of the models that are used in  
18       other states and provinces in Canada which include, for  
19       example, the Department of Motor Vehicles is the place  
20       where most of the operations of the smog programs are  
21       managed as opposed to consumer organizations?

22               CHAIR WEISSER: The answer is we hadn't  
23       thought of it and thank you for suggesting it.

24               MR. KELLER: I suggest that you'd want to  
25       look at some of the other models that other government

1 agencies use around the world, as a matter of fact.

2 CHAIR WEISSER: I think that's an outstanding  
3 idea and I'm thankful that you just volunteered to help  
4 Mr. Carlisle in developing —

5 MR. KELLER: (Inaudible)

6 The observation I'd like to make though, Vic,  
7 is that the major challenge in a program like this is  
8 the multiplicity of jurisdictions, and I really think  
9 that what you're looking at here is, is there a way to  
10 synthesize or integrate, because my experience when I  
11 was running this program was not only did we have to  
12 work with the Air Resources Board but we also had to  
13 work with the Department of Motor Vehicles and to a  
14 lesser extent with the CHP. What that meant was  
15 whenever there was a jurisdictional disagreement it had  
16 to be solved in the Governor's office if we couldn't  
17 get together, which I think is possibly, and the  
18 Governor may disagree with this, but it may be a waste  
19 of the resource of the Governor's office to be a  
20 referee for these kinds of things. So I wonder if as  
21 part of the exercise and the usefulness of the exercise  
22 you might want to say, okay, we're in the twenty-first  
23 century. What is a way to run these kinds of programs  
24 in this century? Let's think about where is the  
25 problem and what is the solution for the problem.

1           The Governor has made a stab at governmental  
2 reform and that's why I think this conversation is  
3 particularly useful at this time, because we are, as  
4 several speakers have pointed out, we are sort of  
5 living out our history and a lot of the things that  
6 have happened in this program, quite frankly, have been  
7 haphazard results of political contingency, not out of  
8 a long well thought-out process.

9           Well, you have an opportunity to have a well  
10 thought-out process to look at this basic problem.  
11 There are three or four separate functions that are  
12 being run by three or four separate agencies and where  
13 these things all get smoothed out is really the  
14 question.

15           We saw, for example, what happened last year  
16 with these massive exemptions in the fifth and sixth  
17 year and particularly with the abrogation on the change  
18 of ownership requirements that there really wasn't any  
19 public oversight of that whatsoever, it got folded into  
20 the budget process. The budget process itself has its  
21 own difficulties in terms of public review, and this is  
22 an area where the long-term influence of this continues  
23 to be paramount as we struggle in this state to keep up  
24 with our air quality targets. So perhaps there's even  
25 another way to think about this, which is to look at

1 functionally, what are the functional problems and  
2 where would be the perfect way to smooth those out. I  
3 don't know if that's helpful, but -

4 CHAIR WEISSER: Well, it is helpful to me,  
5 Marty, but I guess I want to draw a distinction between  
6 the sort of functional and organizational analysis that  
7 you're recommending that we do. By the way, I think  
8 that is a terrific idea, but I'm not sure this is the  
9 venue or the best place to do that. Here I think  
10 [skip] associated with the organization and the  
11 disparate roles that are played by DMV, CHP, BAR, ARB,  
12 are a whole other series of issues, many of which came  
13 out in the oversight proceedings last year, that will  
14 exist regardless of who controls the policy.

15 MR. KELLER: Well, let me just close by  
16 responding to that and suggest to you that form and  
17 function are so interrelated here that to ask that  
18 question and try to tease that out from the  
19 implementation and management is all but impossible.  
20 You're going to have to answer both those questions  
21 simultaneously.

22 CHAIR WEISSER: Thank you. Appreciate the  
23 insight. Other members of the audience comments?  
24 Mr. Armstrong.

25 MR. ARMSTRONG: Yes, my name is Larry

1 Armstrong. I've made some of these comments before but  
2 I'll make them again just hoping that maybe somebody  
3 might hear.

4 I think you need to make a distinction of  
5 whether you want to have an improvement in air quality  
6 or you want to move money around. If you want to move  
7 money around, the Air Resources Board is quite adept at  
8 moving money around. If you want air quality  
9 improvements, then you better hang out where you are  
10 with the Bureau of Automotive Repair.

11 The one, I think I've got it pretty  
12 accurately, I went to a board meeting one time of the  
13 Air Resources Board in San Diego probably 12 years ago  
14 now and a nice lady stood up on the board and when they  
15 were discussing Smog Check stations and she said, 'We  
16 put them into business and we can put them out,' and  
17 that was her management philosophy and I thought that  
18 was pretty interesting philosophy.

19 The Air Resources Board, in my opinion, seems  
20 to be operating theoretically. They will gladly  
21 compute for you what will happen to the air and they  
22 will compute for you what actually happens  
23 theoretically. They don't ever seem to look at  
24 realities, as far as I'm concerned.

25 The chairman made an interesting comment a

1 little bit ago and said, 'I think who controls the  
2 budget controls policy,' and I sat there thinking that  
3 was pretty interesting because who controls the budget  
4 for this Committee and who controls the policy?

5 The Air Resources Board, in my opinion, and I  
6 think I can back it up with some heavy duty experience,  
7 is that they have been, their people within the Air  
8 Resources Board that have been attempting to destroy  
9 the Smog Check Program since at least 1992 when I  
10 started to follow this issue, so if you want to destroy  
11 something, then consider moving it over there.

12 My philosophy would be if you want to affect  
13 automobiles and their emissions, you probably ought to  
14 keep it with somebody that has a little bit of an idea  
15 how automobiles work and how the people work that work  
16 within that industry, because that's the only way that  
17 you're going to affect that.

18 CHAIR WEISSER: Thank you, Larry.

19 I thought I saw Chris's hand up, and after  
20 this we'll break for lunch. Chris.

21 MR. ERVINE: Chris Ervine with STARS. I  
22 think one thing that you need to take into  
23 consideration here is we have a Smog Check Program that  
24 is run by legislative policies made by a consumer  
25 organization. In order for a Smog Check Program to be

1 efficient and work, it needs to be taken away from this  
2 type of organization and be put into somebody's hands  
3 that is looking only at emission reductions [skip] that  
4 are involved [skip] not the politics. In order to make  
5 a program work you have to get rid of this stuff to  
6 make it an efficient program.

7 All we have to do is look at the discussions  
8 that are going on here with the cost to consumers and  
9 different income groups. Nobody's taking into  
10 consideration the cost that it costs me as an  
11 individual to contribute to the Smog Check Program,  
12 because I own a new car and I'm not making a  
13 \$500-a-year contribution to reducing emissions, I'm  
14 making a \$500-a-month contribution to reducing  
15 emissions. Also, I'm making huge contribution in  
16 technology and training for my employees to help reduce  
17 emissions in this state.

18 We have to take into consideration who's  
19 running the program and who should be running the  
20 program and who should be making the rules and who  
21 should not be making the rules if you want a program to  
22 work efficiently and properly for it to succeed.

23 CHAIR WEISSER: Thank you, Chris. I will  
24 amend my comment about Chris being the last speaker to  
25 award Chris Walker for his PowerPoint presentation

1 skills and allow him to be cleanup batter before this  
2 inning is over. Chris.

3 MR. WALKER: Thank you. Chris Walker on  
4 behalf of the California Service Station Automotive  
5 Repair Association. Obviously, the board of CASSARA  
6 has not reviewed the options as you've outlined them  
7 today so we have no final position. I just wanted to  
8 take a quick moment to reflect upon the tension of how  
9 this industry, particularly Smog Check, is regulated  
10 today in that you've got one agency from the Department  
11 of Consumer Affairs implementing a clean air program  
12 where they're very concerned that you're failing enough  
13 vehicles and fully repairing enough vehicles.

14 On the flip side, they get consumer  
15 complaints, they failed my car too many times or they  
16 overrepaired my car, so you have kind of a  
17 schizophrenic approach to potentially how a business is  
18 to be regulated. And if in fact you guys are  
19 considering pulling Smog Check out or from under or  
20 what have you, I know that the way that industry will  
21 react with is, great, does that mean we'll have two  
22 agencies in our business now regulating us from  
23 differing perspectives and how will that tension be  
24 rectified if in fact it's two different bodies? So  
25 just a quick comment on the practical realities of how

1 business owners would see this.

2 CHAIR WEISSER: And believe me, that issue  
3 that you just raised is highlighted in our pro/con  
4 discussion in terms of various organizational  
5 alternatives. It's not something that I think we're  
6 going to be charging into blindly, and I want to make  
7 sure folks realize what we're talking about here is  
8 producing an analysis and making a recommendation for  
9 folks that are decision makers to consider. If we come  
10 forward with anything it will be merely to kind of tee  
11 up the discussion with the people in the Legislature  
12 and people in the Administration to wrestle with.

13 I am absolutely convinced that the time is  
14 right and ripe for wrestling. I think that we have an  
15 issue here that needs to be dealt with one way or  
16 another, and I think our job is to try to provide kind  
17 of a rational and as balanced as we can discussions of  
18 the problems, the issues, alternatives that might go to  
19 address them plus the 42 that Marty just raised, and  
20 then we'll, if possible, see if there's a consensus on  
21 a recommendation as to a direction that we might want  
22 to go. I think that's kind of a big thing for these  
23 folks that should be dealt with.

24 MR. WALKER: And I don't think CASSARA  
25 resists that direction. The fear that (inaudible).

1 CHAIR WEISSER: You bet. (Inaudible)  
2 MR. WALKER: Right.  
3 CHAIR WEISSER: Okay. And I want to thank  
4 everybody for their attention and participation this  
5 morning. We will revert back to initially the  
6 discussion on the State Implementation Plan. We're  
7 going to have a presentation by the Air Resources Board  
8 as to how the Smog Check Program emission reductions  
9 are calculated into the SIP, as I understand it, and  
10 then next month we'll hear the other side of that from  
11 EPA. I'd like us to do that, Rocky. Then we're going  
12 to move into the remainder of our report [skip].  
13 Thank you very much. We'll reconvene sharply  
14 at 1:30.

15 (Noon Recess)

16 - oOo -  
17



1 came out of your discussions at the last meeting was,  
2 where does the 36 percent directed to test-only come  
3 from, what's the genesis of that? How does it relate  
4 to the SIP? What is California really bound to do? So  
5 what I'd like to do is give you the bottom line and  
6 then go back and explain how we got there.

7 Bottom line is, in 2004 in the areas of the  
8 state outside the Bay Area the SIP commitments would  
9 require that roughly 2 million vehicles be tested at  
10 test-only stations, and indeed there were just over  
11 2 million tested at test-only stations that had been  
12 directed, so the bottom line is right now with the  
13 direction program that BAR and DMV are working on, we  
14 are fulfilling our SIP obligation for that component.

15 Now, in terms of what is the SIP obligation,  
16 that's where it gets really messy. If you go back to  
17 the introduction of test-only stations as a result of  
18 the 1994 agreement between USEPA and the Legislature  
19 and California EPA, you'll recall that that was the  
20 alternative to the completely centralized test program  
21 that EPA had in mind. EPA at the time said, if you can  
22 come up with a program that yields the same performance  
23 standard, in other words the same emissions  
24 performance, California, you can implement this hybrid  
25 program that you want to, or we're going to keep you on

1 the hook to deliver all of the emission reductions that  
2 would have come out of the centralized program that EPA  
3 had in mind.

4 So California signed a memorandum of  
5 understanding with EPA and made a number of commitments  
6 in terms of the program we were going to implement and  
7 any program evaluations that we're going to do. The  
8 core part of that agreement says that the state would  
9 start by directing [skip] commitment is the total tons  
10 of emission reductions that we estimated we're going to  
11 get from the Smog Check Program. That is not a single  
12 number unfortunately. SIPS are done in each region, so  
13 for the L.A. region, for San Diego, for Sacramento, for  
14 San Joaquin Valley, for Bay Area, our commitments are a  
15 little bit different in each area, and every time we  
16 update the SIP in each area, those commitments change  
17 somewhat incrementally, so there is no single way of  
18 capturing what the numeric SIP commitments are  
19 statewide.

20 However, we did a program evaluation in 2000  
21 I think most of you are pretty familiar with. We said  
22 that at that point in time the program was delivering  
23 good emission reductions but not the full reductions  
24 that we had credited in the SIP. That was the genesis  
25 of the effort on BAR's part to be lowering cut points,

1 to be directing more cars to test-only, to be adding  
2 heavy duty gas vehicles to the program and to be  
3 developing the low pressure evap test.

4 So with most of those components implemented  
5 at this point, we did another evaluation of the program  
6 from an emission reduction standpoint back in 2003 when  
7 we formally updated the California SIP. At that point  
8 what we counted on in terms of emission reductions was  
9 the program that was in place at that time, so that was  
10 the program with lower cut points, it was the program  
11 where a number of the individual air districts had  
12 expanded the applicability of the program to include  
13 additional vehicles, so that added a lot of benefits,  
14 and it also included commitments that both BAR and ARB  
15 made jointly to continue the specific program  
16 improvements. That was the percent to test-only, the  
17 heavy duty gas and the development of the low pressure  
18 evaporative test. So we're on the hook to develop the  
19 emission reductions that we estimated in the context of  
20 the 2003 SIP that relied on the current program at that  
21 time plus these specific improvements.

22 If you look at the number of vehicles that  
23 BAR is currently directing to test-only stations, that  
24 is roughly 2.6 million. These are all outside the Bay  
25 Area because Bay Area is not part of the SIP commitment

1 (inaudible), so BAR is directing roughly 2.6 million in  
2 2004. Because of the shift in vehicles that are  
3 notified that they need to go to test-only but some  
4 vehicles of course (inaudible). We're seeing that  
5 roughly 2.1 million of the directed vehicles are  
6 actually getting tested at test-only stations.

7 If you look at the SIP assumptions that were  
8 made back in 2003, we say that we were expecting  
9 2 million vehicles that were directed to be tested at  
10 test-only stations, but from our perspective, the fact  
11 that we're getting 2.1 million directed vehicles tested  
12 and we assumed 2 million, those are essentially we're  
13 on track, we're in good shape from a SIP perspective.

14 These SIP assumptions were for areas that  
15 were not in compliance with the Federal (inaudible)  
16 ozone standard a couple of years ago. Bay Area has  
17 been in compliance with that standard, so we did not  
18 make any commitment for the enhanced program that's now  
19 been implemented in the Bay Area. But a critical part  
20 of the legislation to apply that program in the Bay  
21 Area was not just to reduce pollution in the air, of  
22 course, but also to help the (inaudible) area and  
23 Sacramento and the San Joaquin Valley with their  
24 attainment challenges.

25 So we're working on almost a statewide SIP

1 right now. It will be for 15 areas. It's due to EPA  
2 in June of 2007, and that will be to comply with the  
3 more health protective standard, for eight-hour ozone  
4 and for (inaudible), and in that context we will be  
5 taking full credit for the enhanced inspection and  
6 maintenance program that's being implemented in the Bay  
7 Area, and that will be a key part of looking at the  
8 level of pollution that's in the air that's being  
9 transported from Bay Area downwind. So we haven't yet  
10 taken SIP credit for the Bay Area reductions, but we  
11 will be in the next round.

12 Can I answer any questions you have on the  
13 subject?

14 CHAIR WEISSER: Yes. Cynthia, you matched  
15 and perhaps exceeded Chris Walker in clarity and  
16 conciseness and I on behalf of the Committee appreciate  
17 the direct nature of your remarks. As convoluted  
18 [skip] as the program is [skip].

19 I want to explore something that we'll be  
20 talking about a little more this afternoon associated  
21 with the fundamental concept that was embodied in the  
22 '94 agreement regarding the emission reductions  
23 expected from test-only station program participants  
24 versus test-and-repair program participants. The  
25 fundamental question is, you know, why do you direct

1 more cars to test-only? I assume that's based on an  
2 assumption that for one reason or another you get more  
3 emission reductions out of that direction than you  
4 would had the customer would have just gone to a  
5 test-and-repair station. My question is, what's the  
6 basis for that belief? Is there a technical analysis  
7 that you rely on or EPA relies on that shows us that in  
8 fact we get a better performance in terms of emission  
9 reductions out of test-only versus test-and-repair?

10 MS. MARVIN: Back in 1994 when the agreement  
11 was originally cut to have this hybrid program, it was  
12 USEPA's belief that a fully centralized program was  
13 going to be the most effective, have the least amount  
14 of fraud and tampering involved. At that point we  
15 hadn't been implementing an enhanced program in  
16 California so we didn't have any data. That was EPA's  
17 viewpoint. They said, here's the gold standard that  
18 every state needs to meet, so we cut this deal with the  
19 alternative program and said through test-only and  
20 through other elements of the program we'll make sure  
21 from an emissions perspective that we're delivering an  
22 equivalent program.

23 Back in 2000 when we did the last really  
24 substantive performance evaluation with thousands of  
25 roadside tests to see what was happening in reality,

1 we, specifically BAR and a contractor, looked at the  
2 performance of the test-only versus the test-and-repair  
3 stations, and that report in 2000 says that vehicles  
4 that were initially directed and tested at test-only  
5 stations were cleaner after repair than vehicles that  
6 had been initially directed to test-and-repair  
7 stations, and that report quantified those differences.  
8 My recollection is that it's about a 30 percent  
9 differential. So that was the first substantive plan  
10 where we had information in California about the  
11 after-repair emissions from cars that had gone to  
12 test-only versus test-and-repair.

13 CHAIR WEISSER: And that data was normalized  
14 to discount the bias in the survey sample because of  
15 the type of cars that get directed to test-only?

16 MS. MARVIN: Yes. My recollection is that it  
17 actually used a 2 percent random sample so that you  
18 were not looking at the older vehicles that you would  
19 expect to have a higher failure rate.

20 CHAIR WEISSER: Is that study on your  
21 website?

22 MS. MARVIN: It used to be on BAR's website.  
23 BAR may be able to answer that.

24 CHAIR WEISSER: Well, I'm just going to ask  
25 our executive officer to track it down and let's get

1 copies to Committee members. I remember it but I  
2 haven't read it. I need to read it. I did read it but  
3 I don't remember what you just said.

4 So, EPA from a national perspective, it's  
5 their belief that test-only do deliver better  
6 performance in terms of end-of-repair emission  
7 reductions than test-and-repair.

8 MS. MARVIN: That has always been EPA's  
9 formal position. I'm not aware that that's changed  
10 recently.

11 CHAIR WEISSER: The number that's in the SIP  
12 in terms of the tons that you would hope to get out of  
13 the Smog Check Program you indicated was based upon in  
14 the '94 agreement the anticipated tonnage that would be  
15 gained through a centralized program. Is there any --  
16 so there's some sort of a discount that was applied  
17 then and still is being applied to a hybrid program  
18 such as California.

19 MS. MARVIN: Correct.

20 CHAIR WEISSER: The number of cars that are  
21 directed to test-only, as you indicate is around  
22 2.6 million, does that include cars that voluntarily  
23 choose test-only versus test-and-repair?

24 MS. MARVIN: No, and I think that's an  
25 important point. These numbers that I cited, the

1 2.6 million directed and the 2.1 million tested, are of  
2 that that were directed. The population of vehicle  
3 volunteering doesn't enter into those numbers, and from  
4 a satisfying the SIP commitment standpoint, we really  
5 can't count all of those additional volunteers, because  
6 many of those cars from my understanding (inaudible) is  
7 that many of those cars are going there because people  
8 believe their vehicles will pass Smog Check and they're  
9 simply choosing the most convenient option for them.

10 If you are looking at the emission benefits  
11 from the test-only program, assuming that test-only is  
12 primarily servicing the likely high emitters, then the  
13 benefits that we're assuming from that 36 percent  
14 directed to test-only would be greater than if, let's  
15 say, only half of that amount came from cars selected  
16 from the high emitter profile and half of them were  
17 volunteers with later models, very clean cars, so we  
18 don't think that we can add in all the volunteers to  
19 the question about whether or not we're going to meet  
20 our SIP commitment and (inaudible) emission reductions  
21 that we had anticipated.

22 CHAIR WEISSER: Questions? John?

23 MEMBER HISSERICH: The original assumption by  
24 EPA of a centralized program, is that something that's  
25 run by the state agency itself or through a contractor

1 (inaudible), can that be what they proposed as being a  
2 superior model?

3 MS. MARVIN: Essentially. There's a number  
4 of other states that have enhanced I&M programs and in  
5 several of those, including my home state of  
6 Connecticut, it's run by a single contractor for the  
7 state, so there's many fewer stations and they're all  
8 run by a single entity essentially controlled by the  
9 state agency.

10 MEMBER HISSERICH: And the notion being that  
11 the quality of the service is superior or that there's,  
12 quote, 'less fraud' and so on?

13 MS. MARVIN: The notion as I understand it is  
14 that there is less fraud in that process because they  
15 are strictly test, there is no repair business, there's  
16 no ongoing relationship with the customer.

17 MEMBER HISSERICH: Did they do an analysis of  
18 that? I mean, they've done a study here presumably,  
19 this one was referenced in the 1994 statement that  
20 there was a study to prove that centralized program was  
21 superior to whatever alternative (inaudible)?

22 MS. MARVIN: I actually don't know if there  
23 was a factual basis at the time for that. That is  
24 something we could certainly check out.

25 MEMBER HISSERICH: So it was more of an

1 assumption that because it was relatively restricted to  
2 a few people and presumably tighter controlled, I  
3 assume. And so this study that we're referencing will  
4 be a copy of California's counterpart to that, right?

5 MS. MARVIN: Right, it was our attempt to  
6 look at what was happening in reality here.

7 MEMBER HISSERICH: Thank you.

8 CHAIR WEISSER: Jeffrey.

9 MEMBER WILLIAMS: You talked about the  
10 commitment that the SIP is just a number of vehicles  
11 that have to [skip] 2 million, 2.1 [skip]. Is there  
12 some further commitment besides the number of vehicles  
13 like a certain failure rate or something like that, or  
14 what would be viewed as, wait a minute, something isn't  
15 working here in this strange treaty between EPA and  
16 California?

17 MS. MARVIN: I'm glad you asked that because  
18 a fundamental SIP commitment, whether you're talking  
19 Smog Check or anything else, is really the tons of  
20 emissions that you're promising to reduce, so even if  
21 we were directing, you know, 50 percent, it wouldn't  
22 matter what the number is, if we were directing a  
23 number and because the program was not returning the  
24 same benefits that we anticipated, we, California, will  
25 still be on the hook to make up those emission

1 reductions.

2           So it's really a two-part commitment. The  
3 first most fundamental part is for those emission  
4 reductions, and then secondarily there's a number of  
5 specific statistics or indicators that we identified  
6 for EPA and also for the Department of Transportation  
7 that we would meet that would help them gauge where we  
8 were in terms of improving the program prior to any  
9 sort of full blown performance evaluation, so we're on  
10 the hook for both tons as well as the percent that's  
11 directed and tested.

12           MEMBER WILLIAMS: But to continue on this  
13 line, how do you (inaudible) the tons that test-only  
14 provides, how much is a model and how much is  
15 (inaudible) analysis? Maybe I can ask that question by  
16 giving some example.

17           Let's say it becomes, there's some evidence  
18 that it's happened, but let's say it becomes even more  
19 of a widespread habit that people who are directed to  
20 test-only say, oh my God, my car's sure to fail, I  
21 might as well go get it repaired first [skip] or at  
22 least it seemed to be improved and it goes out to  
23 test-only and it passes, which in some sense is good  
24 news because the car got fixed. Suppose that happens  
25 to a lot of vehicles. What happens to our estimate of

1 the SIP commitment from this perspective? The car  
2 still went to test-only but now it passed, so because  
3 it passed, does it help or hurt us?

4 MS. MARVIN: Well, obviously it helps us  
5 since we've got lower emissions. This goes back to the  
6 two tiers of the SIP commitment. The next time that we  
7 do an extensive roadside test analysis where we're  
8 looking at what's actually happening, you know, what  
9 are vehicle emissions today, when has it been through  
10 Smog Check, did it pass or fail, has it been repaired,  
11 when we look at that piece and we see that this vehicle  
12 that's been to a test-and-repair shop for a pre-test  
13 and pre-repair, we'll see that vehicle hopefully is  
14 still maintaining emissions that would allow it to meet  
15 the test, so from a broad perspective, we're still  
16 taking credit for that vehicle being in compliance with  
17 Smog Check.

18 It does raise the issue, though, about  
19 apportioning benefits to test-only versus  
20 test-and-repair, and we've wrestled with this issue  
21 with BAR for quite a number of years and essentially  
22 recognized that we cannot quantify the benefits that  
23 are coming from the pre-test and the repairs that come  
24 out of that, but we do capture the emission reductions  
25 and the clean air quality benefits of that when we do a

1 roadside test and look at the performance of the entire  
2 program.

3 CHAIR WEISSER: That's very, very  
4 interesting. Dennis?

5 MEMBER DECOTA: The 2000 report, basically at  
6 that time we had less than 500 test-only facilities, I  
7 believe, in the state. In fact, I'm quite positive of  
8 that fact. I know that the IMRC at that time also was  
9 trying to take and develop a report much like we are  
10 today for the Legislature and we hired University of  
11 California Berkeley – the gentleman's name, do you  
12 recall, Rocky?

13 MR. CARLISLE: Not offhand, no.

14 MEMBER DECOTA: Okay.

15 MR. ARMSTRONG: Tom Wentzel.

16 MEMBER DECOTA: Wentzel is correct, and  
17 Mr. Wentzel did an in-depth analysis on the vehicles  
18 that were directed to test-only versus vehicles  
19 directed to test-and-repair and the segment of  
20 test-and-repair called Gold Shield. Gold Shield at the  
21 time had approximately 1600 test centers in the state.  
22 The bottom line of that report, I don't know if you're  
23 familiar with it, was that there was no noticeable  
24 difference between test-and-repair and test-only Gold  
25 Shield stations, okay, which I think plays a part in

1 understanding all of it.

2 The question that I need to understand  
3 better, and it might be just because I'm thick-headed,  
4 but when we're talking about the emission inventories  
5 we're talking about all sources of emissions, are we  
6 not?

7 MS. MARVIN: Correct.

8 MEMBER DECOTA: I mean, as far as the  
9 responsibility in the SIP to reduce emissions. Those  
10 could be from marine or trees, they could be from  
11 anything, correct, anything that creates emissions.  
12 But yet, as I understand this, the area that you  
13 incrementally increase in order to take and identify a  
14 response to those increasing inventories of emissions  
15 is vehicles being sent to test-only. Is there anywhere  
16 else that this is taken into consideration other than  
17 the vehicle testing regimen?

18 I mean, does what I'm saying here make sense?  
19 In other words, are only the vehicle inventory  
20 emissions that are being – I need to understand that.

21 MEMBER LAMARE: You don't know what you're  
22 talking about, Dennis.

23 MEMBER DECOTA: Well, I know. But what I'm  
24 trying to say is there's an inventory of emissions. Is  
25 the only element of the SIP that requires folks to be

1 directed under the vehicle program to test-only, is  
2 that the only element that you have to offset or  
3 increase?

4 MEMBER LAMARE: No. Let Cynthia tell you  
5 about it.

6 MS. MARVIN: No, we're on the hook -- when we  
7 look at the entire universe of emissions, man-made and  
8 natural --

9 MEMBER DECOTA: Right.

10 MS. MARVIN: -- and then what we do is we say,  
11 okay, we can't control natural, but within the universe  
12 of man-made how much do we have to reduce those  
13 emissions in order to get air pollution down to the  
14 level [skip]. That's what the SIPS about [skip]  
15 trucks, for lawn and garden equipment, for pleasure  
16 craft, for consumer products as well as all the  
17 stationary and industrial facilities. But in the SIP  
18 we spell out we think we can get this many more tons  
19 from consumer products, we think we can get it by  
20 regulating these types of sources by roughly this  
21 percentage, but we make all these commitments looking  
22 into the future with our crystal ball (inaudible).

23 MEMBER DECOTA: Okay.

24 MS. MARVIN: And we know that any time we do  
25 that, it's going to change, and where we are ten years

1 from when we make that prediction is going to look  
2 different from what we saw in that crystal ball ten  
3 years ago.

4 MEMBER DECOTA: Right.

5 MS. MARVIN: So we have an ongoing  
6 responsibility to monitor how are we doing in terms of  
7 developing the controls and the effectiveness of those  
8 controls in every single source area. We also have an  
9 obligation every three years to quantify that and  
10 report to EPA about is our program on schedule, are we  
11 maintaining (inaudible).

12 MEMBER DECOTA: If you're losing ground on  
13 that issue, my question basically is, then is your  
14 fallback to increase the amount of vehicles sent to  
15 test-only?

16 MS. MARVIN: Any program, whether it's Smog  
17 Check or anything else, if we find that we're not  
18 getting the full emission reductions that we committed  
19 to, we being generic for the state, our first look is  
20 always within that same resources in that same program  
21 and say, do we have any flexibility within this program  
22 to make up that shortfall, that's always the first  
23 place that we look.

24 MEMBER DECOTA: Let me ask you a direct  
25 question.

1 MS. MARVIN: Okay.

2 CHAIR WEISSER: Let me interject for a  
3 moment. You could, if there were a shortfall again in  
4 the Smog Check Program, address that through reducing  
5 the cut points, increasing the frequency of Smog Check  
6 inspections, requiring Smog Checks on change of  
7 ownership, a whole variety of mechanisms in addition to  
8 relying on what you believe to be the accurate  
9 assumption that you get a better emission reduction  
10 bang for your inspection at test-only versus  
11 test-and-repair, so there are a variety of things,  
12 options that are open for the state to make up for that  
13 portion of the SIP.

14 MEMBER DECOTA: But isn't it a fact that each  
15 basic air district has its own SIP, and within its own  
16 SIP it does things like plan, let's say for evap  
17 emissions, which right now has not been mandated in the  
18 program as far as having the evap tester, but I also  
19 know that there are certain air districts that have  
20 included that evap tester in their SIP in order to meet  
21 their requirements for emission reductions, but yet it  
22 doesn't exist.

23 So I guess my question is, because that  
24 doesn't exist at this time in time and they're trying  
25 to accomplish their goal of emission reductions that

1 they planned on this, and I'm sure there's other areas  
2 this is true in, not just in this area, okay, are they  
3 rationing out the amount of cars to test-only to try to  
4 catch up with where they can't get to?

5 MS. MARVIN: Not for the improved evap test  
6 at this point. There were a number of different  
7 improvements that the state, the Air Resources Board  
8 and BAR, identified as being things we believed would  
9 be cost-effective and appropriate. Those are part of  
10 the joint commitments (inaudible). One of them was the  
11 low pressure evap test, one of them was the increase in  
12 the direction to test-only to 36 percent. We quantify  
13 the benefits of those and we provide them to the local  
14 air districts, so while it's true that the SIPS are  
15 done and are regional in nature, any piece of that  
16 expectation about future emission reductions coming  
17 from the state program is provided by the state to the  
18 districts, so the districts are not making their own  
19 assumptions about what will happen, those are things  
20 that we work out with the Bureau of Automotive Repair  
21 when we decide what it is that the state should be on  
22 the hook for and what the state wants to make a  
23 commitment to do.

24 CHAIR WEISSER: But if the tons that you  
25 thought you'd be able to get out of this program

1 included X amount for the evaporative test, and in fact  
2 we haven't gotten that yet, those tons have to come  
3 from someplace, right?

4 MS. MARVIN: Exactly.

5 CHAIR WEISSER: And hasn't it been the  
6 direction of vehicles that's been one of the tools that  
7 you've used in order to come up with those missing  
8 tons?

9 MS. MARVIN: Yes, although I would say that  
10 the assumption that the direction of vehicles for  
11 improvements has not yet delivered like the low  
12 pressure evap test. That leaves us with a shortage  
13 that we're on the hook to make up through other sources  
14 until that program came come in.

15 CHAIR WEISSER: And through other sources if  
16 you were addressing it in this program could be, as  
17 I've said, hiking up the pass points, I mean a whole  
18 variety of alternatives.

19 MS. MARVIN: Yes. It could be other  
20 improvements to the Smog Check Program.

21 CHAIR WEISSER: I think Jude has a question.

22 MEMBER LAMARE: Thank you. Cynthia, you  
23 mentioned every three years you get together with EPA  
24 and discuss the memorandum of understanding about the  
25 Smog Check emission reductions.

1 MS. MARVIN: Yeah, every three years we have  
2 to look at the emission reduction progress that we said  
3 we would make in the SIP and we have to do an  
4 accounting for every source out there and show where we  
5 are versus where we thought we were going to be, so  
6 it's essentially a program versus planned evaluation,  
7 and that's a requirement in the Clean Air Act for us  
8 and for any other state with nonattainment areas.

9 MEMBER LAMARE: And when will you be actually  
10 doing that?

11 MS. MARVIN: The next accounting will be for  
12 the 2005 calendar year, which is due to EPA in early  
13 2006.

14 MEMBER LAMARE: And do you have a public  
15 process where you invite the public to read your report  
16 and comment on it?

17 MS. MARVIN: Generally, yes. It's been a  
18 little different, we've only done it a couple times  
19 before. The last time we did it, the Air Resources  
20 Board put together a write-up and accounting of all the  
21 state measures of what we delivered versus what we  
22 promised, we provided that to each of the air districts  
23 and the air districts held public workshops on the  
24 state component as well as the local component, so they  
25 were essentially joint workshops that provided the

1 write-ups to the public and then solicited comments  
2 before we turned those reports in to EPA.

3 MEMBER LAMARE: So, at this point you're not  
4 sure of how you will put that together for 2006,  
5 whether there will be an opportunity for this Committee  
6 to review your report before you go take it to the  
7 districts or if you'll take it to your board before you  
8 take it to the districts?

9 MS. MARVIN: These don't generally go to our  
10 board. They're not formal SIP revisions; they're  
11 progress reports so they're done at a little bit more  
12 of an administrative level, but I do think that that  
13 public input is essential and what I can offer is, if  
14 you folks would like to see our analysis of where we  
15 are in Smog Check versus what we promised, we would be  
16 happy to send a draft analysis to you.

17 CHAIR WEISSER: Thank you. Rocky, did you  
18 note that?

19 MR. CARLISLE: Yeah.

20 MEMBER LAMARE: That would be great.

21 Someone had told me that the state had made a  
22 legal settlement with environmental groups that  
23 involved commitments on the Smog Check Program, and I  
24 haven't actually seen that legal settlement or know  
25 whether there are elements of the Smog Check Program

1       that are dictated by it. Can you speak to that today?

2               MS. MARVIN: Certainly. There is no such  
3       agreement (inaudible). We did receive a notice of  
4       intent from a number of environmental groups based in  
5       Southern California as well as the statewide groups  
6       filed the notice of intent to sue both ARB and BAR back  
7       in the 2000 timeframe. That was after our preliminary  
8       evaluation of the program performance came out. We had  
9       a number of meetings with them and they were pushing of  
10      course to make up the shortfalls that we were expecting  
11      from the Smog Check Program through a better, tougher  
12      Smog Check Program. We talked with them a lot about  
13      the improvements that we had under way and we do not  
14      have a specific settlement agreement with them because  
15      they never filed suit, but they were certainly aware of  
16      what we put forth in that 2000 evaluation report and  
17      what we committed to the Federal agencies in August of  
18      2000 as a joint ARB and BAR commitment in order to fix  
19      that goal and also to keep the transportation  
20      (inaudible) in California.

21              MEMBER LAMARE: You mentioned the SIP  
22      preparations for 2007, but what actually will be the  
23      process in creating the '07 SIP in defining the Smog  
24      Check Program for those SIPS and how would committees  
25      such as this become engaged in that process, what will

1 be the timing?

2 MS. MARVIN: We're expecting to begin that  
3 public process in the spring of next year. At that  
4 point we will probably have some concept seeking  
5 workshops. We've done this a few times before. We go  
6 out and say we want your ideas, please give us any  
7 ideas you have about opportunities to reduce emission  
8 reductions. We typically follow that with a workshop  
9 where we say here are the concepts that we've developed  
10 either internally or in response to those external  
11 suggestions. Tell us what you think of these concepts.  
12 What's missing, what can be done better? So that  
13 process [skip] of these new SIPS (inaudible).

14 MEMBER LAMARE: Thank you.

15 CHAIR WEISSER: John?

16 MEMBER HISSERICH: You confused me. Maybe  
17 you mentioned this but I don't think I heard it. In  
18 light of the recent legislative changes changing the  
19 model year and change of ownership situation, are you  
20 recalculating all of this based on the potential impact  
21 of those changes?

22 MS. MARVIN: Well, we certainly looked at the  
23 potential impact when the legislation was moving  
24 through, and when the Governor had supported the change  
25 in the model year exemptions in favor of funding for

1 the Moyer Program there were calculations that were  
2 released as part of that package that showed that the  
3 total tons that we could get by spending those dollars  
4 on Moyer type projects that are typically more  
5 cost-effective would more than make up for the loss by  
6 exempting those additional model years.

7 We still have the rolling 30-year exemption,  
8 we get an additional benefit for that, not very much  
9 right now but certainly by 2010. So these new SIPS  
10 will reflect the program that's in place today after  
11 that legislation.

12 MEMBER HISSERICH: So there have been no  
13 changes in your view on that short of (inaudible) you  
14 still feel that the offset or the net gains with the  
15 Moyer changes is going to help us totally.

16 MS. MARVIN: Right.

17 MEMBER HISSERICH: That it is (inaudible).

18 MS. MARVIN: And the situation being even  
19 better with the repeal of the rolling 30-year, because  
20 by 2010 it's essentially a net of zero between that and  
21 the early model year exemptions. Before then, we need  
22 the Moyer Program because bringing in the older  
23 vehicles that would have otherwise been exempted, you  
24 know, it takes some time before they're generating  
25 sufficient emissions that you're making up for that

1       early model year exemption.

2               MEMBER HISSERICH:   And you don't anticipate  
3       changing the percentage of cars or the number of cars  
4       directed to test-only as a result of any of that?

5               MS. MARVIN:   That's a loaded question, but in  
6       terms of the commitments that we've made, the  
7       individual item commitments that we've made to the  
8       Federal agencies, we think that figuring out the  
9       percent of vehicles that were in the fleet and  
10      according to the program that was in place at that  
11      time, roughly 2 million vehicles, that that's an  
12      appropriate level to be continuing until we have a  
13      chance to do the next round of performance evaluations  
14      and really get at the bigger question which is not just  
15      station performance but why do we have vehicles that  
16      have been through Smog Check but six months later  
17      perhaps they're no longer complying with the test?  So  
18      we think this new evaluation that will be happening  
19      over the next year or so should shed some light on not  
20      only what assumptions should we be making in our  
21      calculations, but where should we put the emphasis in  
22      the future about improving the program.

23              MEMBER HISSERICH:   Thank you.

24              CHAIR WEISSER:   Okay.  Dennis?

25              MEMBER DECOTA:   On the 2003 evaluation report

1       that you spoke about briefly, in that report does it  
2       show where we may be deficient and why that 2003 report  
3       would drive the cut points and the amount of vehicles  
4       sent to test-only?

5               MS. MARVIN: The 2003 report what we're  
6       talking about is the update to the SIP. Is that what  
7       you're referencing?

8               MEMBER DECOTA: Yes. Does the update to the  
9       SIP show justification as to why you increased both cut  
10      points and directed vehicles?

11              MS. MARVIN: The 2003 SIP did not go back  
12      like the 2000 performance evaluation and try and say  
13      where are we versus where did we think we would be from  
14      1994; it said that's all behind us, let's just start  
15      fresh with where we are today, so the SIP says here are  
16      the benefits from the Smog Check Program today and  
17      here's where ARB and BAR think there's an opportunity  
18      for additional emission reductions that would be  
19      cost-effective, and that led to the specific  
20      commitments for the increased direction to test-only,  
21      for the evap, for the heavy duty gas, so those specific  
22      commitments that were to get us more emission  
23      reductions in the future. Just like ARB signed on for  
24      roughly 20 new measures affecting other sources to get  
25      future emission reductions.

1           MEMBER DECOTA: So my understanding of what  
2           you're saying is that there was really no hardcore data  
3           that drove these additional cut points and issues?

4           MR. AMLIN: Dave Amlin, Bureau of Automotive  
5           Repair. We've been bouncing over a lot of different  
6           reports (inaudible) everybody understood on that, but I  
7           think you're asking about the 2003 report which is the  
8           most recent report you're talking about between BAR and  
9           ARB joint report which made recommendations. There is  
10          no recommendation in that report to increase the number  
11          of vehicles directed to test-only. There is a series  
12          of recommendations, that is not one of them.

13          MEMBER DECOTA: I was talking about the SIP.

14          CHAIR WEISSER: Not the —

15          MR. AMLIN: 2003 report.

16          CHAIR WEISSER: Okay. Thanks, David.

17          MS. MARVIN: Okay. So when you say 2003 what  
18          we're talking about is the update to the state SIP and  
19          the comprehensive update to the mobile source —

20          MEMBER DECOTA: All I'm asking is that, when  
21          you updated the state SIP to go after more emission  
22          reductions, you had to have something that drove you to  
23          the conclusion to increase the amount of directed  
24          vehicles.

25          MS. MARVIN: Yes.

1                   MEMBER DECOTA: What was that and can we see  
2 it, can I see it?

3                   MS. MARVIN: Okay. It was primarily based on  
4 the conclusions that we reached in the 2000 performance  
5 evaluation where we said we know the program is short  
6 and here are some viable ways to make up those tons.

7                   MEMBER DECOTA: Which the chairman has told  
8 me you've already stated that. I understand, but the  
9 program in 2003 is a completely different program than  
10 in 2000 in the so-called aspect of the amount of  
11 vehicles being directed, the type of testing that went  
12 on and the areas of the state that came in under the  
13 enhanced.

14                  CHAIR WEISSER: Let me interject here a  
15 moment. Did you not take into consideration in your  
16 update of the 2003 SIP the sorts of changes in the  
17 vehicle fleet and other program adjustments that had  
18 been made or failed to be made that were 'promised,'  
19 and I'll put that in quotation marks, in the 2000 SIP?  
20 Isn't that whole 2003 update to try to take all of  
21 those different changes, pluses and minuses, see where  
22 they are if there's a shortfall, try to deal with it?  
23 Your approach on dealing with the shortfall was  
24 principally to ramp up the directed vehicles; am I  
25 about (inaudible) right, Cynthia?

1 MS. MARVIN: Partially.

2 CHAIR WEISSER: Okay, then please fill me in.

3 MS. MARVIN: Okay. So in the 2003 SIP we  
4 didn't say is there a shortfall from old promises, we  
5 said we're going to start with a clean plate and look  
6 at the program that was in place at the end of 2002, so  
7 we said the program that was in place at the end of  
8 2002, all the areas, all the cut points, the percent to  
9 test-only, what are the benefits from that program, so  
10 that was the core part, the baseline part of the SIP.

11 And then we said what are the opportunities  
12 to get more emission reductions from the Smog Check  
13 Program, and we went back to the recommendations we'd  
14 made originally in 2000 and that we then committed to  
15 the Federal agencies to do, and we requantified the  
16 benefits of the percent to test-only, of the heavy duty  
17 gas and of the introduction of the low pressure evap  
18 test, and we said in addition to the baseline program  
19 that's in place at the end of 2002, we're going to  
20 promise as a state to deliver additional emission  
21 reductions that we've ascribed to this combination of  
22 three improvements that will be made over the next  
23 couple years.

24 CHAIR WEISSER: Does that answer it?

25 MEMBER DECOTA: (Inaudible)

1                   MEMBER LAMARE: They didn't re-analyze it,  
2 they couldn't.

3                   MEMBER DECOTA: How do you take — no. I  
4 thank you for putting up with me.

5                   MS. MARVIN: I'm attempting to respond to  
6 your questions.

7                   CHAIR WEISSER: And I think it's a complex  
8 situation and we'll have a lot of opportunity to look  
9 further so that we further can understand it. I have a  
10 couple of simple follow-ups, and they really are simple  
11 follow-ups.

12                   Do other states have like California a  
13 so-called hybrid program or are we the only hybrid  
14 program? My gosh, I would think that's the simplest  
15 question in the world.

16                   MS. MORROW: There are some other hybrid  
17 programs, but none with the number of vehicles that  
18 we're dealing with.

19                   CHAIR WEISSER: There are some other hybrid  
20 programs, but none with the number of vehicles that  
21 we're dealing with.

22                   MS. MORROW: Besides the BAR program  
23 (inaudible).

24                   CHAIR WEISSER: Fine, so there are other  
25 programs but there are none as big as California's, and

1       that's of course no surprise. Are the other programs  
2       treated the same in terms of developing their SIPS?  
3       Specifically, are they also, I guess I'd characterize  
4       it as required to discount their emission reductions  
5       [skip]

6               MS. MARVIN: [skip] So EPA has worked out  
7       what that discount should be, and it's my understanding  
8       that that is essentially a factor in the model, so when  
9       other states want to run it, they're using EPA's  
10      default value.

11             Here in California, because we develop our  
12      own emissions inventory and we use California specific  
13      data to look at the differential, then no, it's not  
14      done the same. In practice, though, all states are  
15      applying the discount for test-and-repair.

16             CHAIR WEISSER: Thank you. We've discussed  
17      the technical basis for the test-only direction. Am I  
18      correct in assuming that if you were to re-run your  
19      2000 program evaluation and the results were somehow  
20      stunningly that the test-and-repair stations somehow  
21      delivered higher performance than test-only, that you'd  
22      move to directing vehicles to go to test-and-repair  
23      versus now directing them to test-only?

24             MS. MARVIN: I think that if there was a  
25      comprehensive re-evaluation and we learned that there

1 were other ways, better ways to get more emission  
2 reductions, then we'd obviously tee that up  
3 (inaudible).

4 CHAIR WEISSER: I mean, you're not born with  
5 a test-only bias, you're theoretically trying to do  
6 that which will result in what you believe will be the  
7 highest emission reductions, so I'm assuming that if  
8 data came forward that showed that there was no  
9 difference in the program or there was a difference in  
10 favor of test-only or there was a difference that was  
11 in favor of test-and-repair, that you'd modify what you  
12 were doing to reflect that data; is that correct?  
13 Please say yes.

14 MS. MARVIN: Once we've looked at the data  
15 and we've felt like we understood why, you know, if  
16 there was less of a difference between test-and-repair  
17 and test-only, as some of the newer data are showing,  
18 our question is, is that because test-and-repair are  
19 performing better or because test-only is performing  
20 less well than it used to? And when we felt like we  
21 had a handle on that question, then certainly yes,  
22 we're biased in favor of things that get us  
23 cost-effective emission reductions. If there's a  
24 better way to do it, that's the direction that we're  
25 going to go in terms of (inaudible).

1 CHAIR WEISSER: I'm proud to be a citizen of  
2 California which the 2000 program evaluation [skip] of  
3 their assumptions associated with test-and-repair  
4 versus test-only. Could you tell me when the last  
5 Federal evaluation of test-only versus test-and-repair  
6 was?

7 MS. MARVIN: I don't know the answer to that  
8 question. I don't know if that's ever happened. What  
9 I can tell you is that no other state has done any sort  
10 of rigorous program evaluation like we did in 2000, we  
11 were the only ones who did that. That I know for  
12 certain.

13 CHAIR WEISSER: And if the Air Resources  
14 Board was presented with evidence that indicated that  
15 this might be an area that's worth looking into, would  
16 the Air Resources Board react to that and look into  
17 such a thing?

18 MS. MARVIN: I would suggest that we're  
19 already doing it in response to the data that are  
20 showing less difference between the failure rates, so  
21 that is an important part of the study that's just  
22 starting to look at the performance of the whole  
23 program and which elements might be improved.

24 CHAIR WEISSER: Cynthia, you've been  
25 marvelous here.

1                   MEMBER LAMARE: As usual.

2                   CHAIR WEISSER: And you've taken — as usual —

3 and you've taken our questions and handled them as best

4 you can and I appreciate that.

5                   Jeffrey?

6                   MEMBER WILLIAMS: Sorry to continue to beat

7 the dead horse here, but maybe I'll just ask in a

8 different way. For 36 percent, why was it not 37 or

9 35? Maybe you can answer the question that way.

10                  MS. MARVIN: That's kind of a funny — it's a

11 funny answer to a direct question. My best

12 understanding, and this predated my involvement in the

13 SIP, is that back in the '93/94 period when we were

14 looking at EPA's requirements and EPA's assumptions

15 about what benefits a fully centralized Smog Check

16 Program would have, one of the factors that we looked

17 at is, with EPA's prescription of the differential

18 between test-and-repair and test-only, what percent

19 would we need to direct to test-only in order to help

20 meet that performance standard? Now, mind you, it was

21 one of many, many different variables in the process,

22 and way back then, you know, eleven years ago, we said

23 it was 36 percent, that's where the magic 36 percent

24 came from.

25                  CHAIR WEISSER: That's outstanding. Once

1 again on behalf of the Committee I want to thank you  
2 for your clarity and your directness and we look  
3 forward to working with you more on this issue. In  
4 fact, I think what we're going to end up [skip] what  
5 I'd like to do now [skip] questions and comments until  
6 Jeffrey's finished his presentation on comparison of  
7 test-only, test-and-repair and Gold Shield. So thank  
8 you very much and I hope you're able to stay through  
9 this.

10 - oOo -

11 MEMBER LAMARE: Are we going to get a paper  
12 version on this?

13 MEMBER WILLIAMS: Someday. You're lucky you  
14 have a PowerPoint version of it, this is a considerable  
15 technological advance for me.

16 I have felt that the crucial issue is -

17 MEMBER HISSERICH: Sorry, can't hear you.

18 MEMBER WILLIAMS: I'd like to talk to all of  
19 you more than -

20 CHAIR WEISSER: Yeah, why don't you come  
21 around the other side, and as long as you talk in the  
22 mike we can hear you.

23 MEMBER WILLIAMS: Okay.

24 MEMBER DECOTA: Can he sit at the table and  
25 use the mike there?

1 CHAIR WEISSER: What would be easiest for  
2 you, Jeffrey?

3 MEMBER WILLIAMS: I'll stand.

4 CHAIR WEISSER: (Inaudible)

5 [Begin PowerPoint Presentation]

6 MEMBER WILLIAMS: I have felt a crucial issue  
7 has been how well a car, once repaired and once tested,  
8 lasts until its next test. There have been allusions  
9 to this that Cynthia just made in the comparison with  
10 roadside testing to what was the previous test results.  
11 There's some very discouraging news that cars that pass  
12 (inaudible) fail and so forth.

13 I've felt that the smog test records  
14 themselves have a fair amount of information on this  
15 related issue in that if the same car has been tested  
16 several times, we ought to see some history of that car  
17 and how it's done on the Smog Check.

18 To take an example of this, if we see a  
19 vehicle that has consistently passed three or four  
20 biennial Smog Checks, the odds are if we ever looked at  
21 the half-way point between them at a roadside test, it  
22 would have passed too. A car that every time seems to  
23 have a failure, moves around to different stations,  
24 ultimately passes, and we see that three times in a  
25 row, I think we'd all guess that if it was involved in

1 a roadside test along the way, it probably would fail.  
2 And so that the previous history for a particular car  
3 says something about why it's passing or failing in the  
4 current test, and that will allow us to do some  
5 analysis.

6 What I've been able to do in the last month  
7 or so with the help of Emily Weaver, who is a graduate  
8 student at UC Davis, is to get some data on some  
9 Hondas, 907,000 Hondas, that is a small fraction of the  
10 data available to us that have failures. So if they  
11 have a biennial test in the year 2003/2004 and another  
12 test history before, and I'd like to see something  
13 about the relationships among these tests, so  
14 (inaudible) repaired Hondas. I have previously talked  
15 a bit about 1993 Toyota Camrys and I'm moving around.  
16 Why Hondas? It was the first car (inaudible). There's  
17 no — that's an entirely random sample.

18 Let me articulate a little bit more why I  
19 think the vehicle's test history might matter to the  
20 current test. The last biennial test cycle that I  
21 wanted to look at is any test that was done in  
22 2003/2004, what might have been true of tests before  
23 that. Well, one thing, what if that very first test  
24 had an aborted test the day or week before, does that  
25 tell us anything about whether there's a pass or fail

1 on the current test?

2 Maybe it would help to specify right now what  
3 I mean by first test, because that's going to be coming  
4 up again and again. I believe I followed the  
5 methodology of BAR and ARB when they've been doing the  
6 analysis in some of what we've seen today. The first  
7 time there is a pre-test initially completed as the  
8 first test on the car, so what happens on that first  
9 test, does it pass or fail has been a key part of the  
10 analysis done of these programs, and I'm just asking  
11 the question, suppose we could see in the data the  
12 records of all the tests done that there was an aborted  
13 test on this car in the week before, does that affect  
14 what happens on the first test?

15 More important, what if we can look in the  
16 records and see the last time there was a test cycle or  
17 a change of ownership test, was there a failure? You  
18 like to think if there was a previous failure,  
19 something got fixed and it has a better than average  
20 chance of passing on this current test. On the other  
21 hand, if a band-aid was applied, it probably fails  
22 again, and so the previous failure will be related to  
23 the current failure.

24 What if there was a repair made previously?  
25 In these records the technicians can indicate a repair

1 was made or not. They aren't very reliable about this,  
2 but suppose a repair was made. We would like to think  
3 that the current test would have a better than average  
4 pass rate or a lower than average failure rate.

5 What if has it been previously at a test-only  
6 facility? One of the presumptions of this distinction  
7 with test-only and test-and-repair is that it should  
8 affect the subsequent behavior of the vehicle in terms  
9 of emissions.

10 What if it's gone to the same facility  
11 repeatedly? That might also influence the performance  
12 on the current test, simply pass or fail.

13 What if the car has changed hands? It may  
14 have a very different record now.

15 So, with those in mind, I tried to construct  
16 a sample of vehicles from which I had two test cycles.  
17 I have started with five years of all the records,  
18 BAR97 and BAR90 records from 2000 to 2004. Then I  
19 realized after this morning's discussion that the real  
20 interesting thing happened in January of 2005 and so  
21 already I'm out of date, but I'm not sure I'm going to  
22 do too much more with this.

23 There are approximately – Emily and I have  
24 not actually ever managed to count this data file, it's  
25 so large, something like 60 million records, 7 million

1 of which appear to involve Hondas. I say appear  
2 because the way technicians (inaudible) vehicle  
3 identification numbers is not always guaranteeing that  
4 they're Hondas or not. We have found that there appear  
5 to be 2,542,255 Honda-like vehicles among all these  
6 records. I'm going to end up with 907,032 in the  
7 sample I will talk about.

8 401 vehicles are 2000, 2001, 2002, might be  
9 change of ownership. They only have one test done  
10 ever. One test cycle, there could be a failure and  
11 then a pass a few days apart. I've excluded those.

12 A number of approximately 100,000 had no ASM  
13 test in 2003/2004 as the Bay Area got going.

14 Unfortunately, there seemed to be 35,000 have  
15 a gap in the history. For example, I found some  
16 records in 2001 where there's a failure and I don't see  
17 anything again until there's a pass in 2003 two years  
18 later. There must have been a pass, but it's not in  
19 the records. I don't know what happened to it.

20 Or there are more than 30 months apart, and I  
21 who have been a procrastinator about going to get my  
22 car tested, I did not wait 6 months, so 2-1/2 years  
23 seems to be indicating that there's a gap in the record  
24 keeping and I'm wondering if some of these gaps may be  
25 that somebody typed in the VIN wrong, and I've been

1 working to get some of these better matches. I  
2 identified through matching the license plates and not  
3 the VINs about 20,000 more vehicles. [skip] to improve  
4 the sample I've ended up with, so it's probably not  
5 going to affect these results too much.

6 So I've ended up with 900,000, let's call it  
7 a round number, Hondas that have two test cycles, and I  
8 can tell something about each cycle. The current  
9 cycle, the most recent one, it's just the first test,  
10 but I have a whole test history in a previous cycle.  
11 They're not necessarily biennial tests, but they're at  
12 least 6 months before. They could be a change of  
13 ownership or the so-called initial tests.

14 It's important for everybody to understand  
15 how I created this sample and maybe to understand a  
16 little bit more how these records come in.

17 Every time a test is done there is a record  
18 to that, minutes, whole sequence of them, key  
19 identifiers, the vehicle identification number, and if  
20 it's typed correctly it helps. Most of the time  
21 they're typed correctly, it seems.

22 We've put together the 60 million records for  
23 these five years and sorted by the VIN and pulled out  
24 what appear to be the Hondas, and each one of the  
25 Hondas we have sorted by the time of the record, so I'm

1     able to identify individual vehicles, some of which  
2     might only have two records in this five years. The  
3     most is forty-seven. I don't quite know what happened  
4     to that car. Ping-pong possibly or –

5             CHAIR WEISSER: That's my car.

6             MEMBER WILLIAMS: It could be. I will  
7     investigate this extreme observation, but it too I  
8     don't think matters when there are 900,000 others  
9     involved.

10            MEMBER LAMARE: Throw it out.

11            MEMBER WILLIAMS: I've thrown out some of  
12    these. So I've looked at the end of 2003 for the first  
13    biennial test which is indicated by a code. For the  
14    other analysts who have done this, I've used the  
15    biennial code B, the D sample, the P which are the  
16    directed tests, and the S sample which is this  
17    2 percent sample, they are all in here. If that shows  
18    up in 2003/4 and doesn't appear to be part of the cycle  
19    in late 2002 – I was afraid a fail on December 31st and  
20    a pass on January 2nd – I have that car, and then I  
21    look backwards and see if I can find another test cycle  
22    that would seem to be complete and have a pass, and  
23    that's the 900,000 we're going to deal with. Is that  
24    clear?

25            CHAIR WEISSER: You got us there.

1                   MEMBER WILLIAMS:   Okay.   Here are the Hondas  
2   involved by model year, which this should approximately  
3   add up to 900,000.   The median age of this group of  
4   Hondas is 1993.   There are a few from model year 2000;  
5   I guess those are sold in the fall of 1999 that are  
6   appearing for their first tests and they probably had a  
7   change of ownership.   I think they're a bit odd to be  
8   in here.

9                   You see that, although there are some cars  
10   back to model year 1974, there are three in this  
11   dataset and they're about to disappear with the 30-year  
12   rolling exemption, but basically we're talking about  
13   Hondas from the mid-1980's to the mid-1990's with a few  
14   other strays.

15                  Let me tell you a few facts about this group  
16   of cars to get you oriented.   What I'm going to do,  
17   though, is explain why these particular vehicles are  
18   passing or failing this 2003 or 2004 test.

19                  The mean mileage is 131,000 miles, but  
20   there's great differences among the vehicles.

21                  3.5 percent of these Hondas appear to have  
22   vanity plates; that is, they don't have number, letter,  
23   letter, letter, number, number, number.   I tested that,  
24   because I thought, well, if you're bothering to spend  
25   that much money on a vanity plate, you might spend some

1 amount on maintenance, or maybe you don't because you  
2 already spent it on the vanity plate, but I thought  
3 this might be a way of calibrating what is the effect  
4 of the pass/failure rate, whether vanity plates seemed  
5 to explain that.

6 Much more interesting is that 2.8 percent of  
7 these first tests -- every vehicle here has a first test  
8 -- were pre-tests. The Q designates. [skip] So this  
9 could be a car that's been brought in, obviously it's  
10 going to fail, some repair is done, it's marked and the  
11 pre-test is then done and it passes, or something. As  
12 I understand the way the program's supposed to work is  
13 that the car is tested without anything done to it, so  
14 this should have been zero percent, but 2 percent are  
15 happening and, as I'll show you in a moment that the  
16 repairs done in general aren't that much higher, so  
17 something's a little funny here.

18 4.1 percent of these first tests had in the  
19 week or two before an aborted test.

20 16.15 percent of the 900,000 failed the first  
21 test in 2003/2004.

22 Here is the failure rate by the model year.  
23 Now, mind you, some of these early years there are only  
24 a few vehicles, so in 1990 (inaudible) and it's the  
25 pattern that we've seen before that the failure rate

1 increases considerably with the age of the car and the  
2 mileage. I was surprised to see, though, that this  
3 plateaus at about 35 percent once we get back to early  
4 1990, it's not increasing. Yes, there are few cars and  
5 I would imagine there's a deep sample selection going  
6 on here. The car that has failed three tests in a row  
7 and is a 1982 is scrapped by the time we're getting  
8 here, and maybe that's accounting for the more average  
9 failure rate, but it's still a very high failure rate.  
10 So in terms of explaining why a car fails it's mostly  
11 its age, which I think we've seen before.

12 There are some other characteristics that are  
13 perhaps a bit more surprising. Of these cars, those  
14 that went to test-only facilities for this first test,  
15 19.8 percent failed. To test-and-repair facilities,  
16 9.9 percent failed, or half that.

17 Now, before anybody draws any conclusions  
18 about that test-only and test-and-repair, the  
19 characteristics of the cars that went to the two types  
20 of facilities are wildly different, and in fact we have  
21 to control for that and that's really what my analysis  
22 is going to be about in a moment, but along the way  
23 let's look at a few more statistics about the whole  
24 pool of cars.

25 63.2 percent of these tests were at test-only

1 facilities. 50.3 percent were directed to test-only,  
2 so half this pool is directed. You can compute the  
3 volunteers as the difference, or 13.2 percent of  
4 49.7 percent is the volunteers of those that weren't  
5 directed but it's about 25 percent. Everybody see my  
6 math?

7 This is the percentage of directed to  
8 test-only by the model year, so if a car is older than  
9 1993, about 75 percent of those Hondas, these double  
10 Hondas, these paired Hondas, were directed. 36 percent  
11 must be some average number in there that applies to  
12 newer model years.

13 MEMBER LAMARE: Well, there's a lot more  
14 vehicles in the —

15 MEMBER WILLIAMS: And there are a lot of  
16 vehicles that aren't here at all.

17 MEMBER LAMARE: The younger vehicles.

18 MEMBER WILLIAMS: The younger vehicles are  
19 not here at all, all right. But this makes it hard to  
20 say what's happening for 1984 Hondas. There aren't  
21 very many to begin with, and most are going to  
22 test-only facilities.

23 Of those that have been — excuse me. Out of  
24 the whole sample, 29.2 percent have been to a test-only  
25 before in the earlier matched test. 9.5 percent of

1 those have failed before. 6.7 percent reported repairs  
2 before, that's less than four times the repairs done at  
3 this moment. 19.4 percent of these were BAR90 tests  
4 before. This is the [skip]. 35 percent of all these  
5 vehicles I don't have a previous biennial test but I  
6 have a change of ownership or an initial test, mostly  
7 change of ownership.

8 MEMBER LAMARE: This is 70 percent were at  
9 test-and-repair before, before 2003?

10 MEMBER WILLIAMS: (Inaudible) but there's  
11 going to be some double counting because I'm just  
12 asking if in that previous cycle if a test-only  
13 facility appeared. I have not found any ping-pongs. I  
14 will do that sometime, but I haven't yet.

15 This last statistic is, I think, a new one  
16 for us all. 17.6 percent of the cars were tested at  
17 the same facility that was used before.

18 CHAIR WEISSER: Now we're meaning the prior  
19 cycle.

20 MEMBER WILLIAMS: The prior cycle.

21 MEMBER LAMARE: Seems really low to me.

22 MEMBER WILLIAMS: Well, it differs very much  
23 by whether it's a test-only facility currently or a  
24 test-and-repair, it's about 25 percent for  
25 test-and-repair facilities and it differs considerably

1 by model year, so this is the percent of those cars in  
2 the model year that are returning to the facility that  
3 tested them in the first of the two tests that I'm  
4 looking at. When you look at 2000 and 1999 it's rather  
5 low. I think I'm picking up a lot of initials tests,  
6 new dealers, and there's been a big change there, and  
7 after that it's fairly stable at around 20 percent on  
8 average, higher for return business to test-and-repair.

9 Now, this is the statistical analysis, and  
10 before we go into that let me explain a bit what I've  
11 done. Most of you will not be interested in regression  
12 analysis, but a few of you might care about that.

13 What I'm trying to do here is to explain  
14 whether the current test is a failure or pass, a 1 for  
15 failure, a 0 for a pass, is it explained by some other  
16 characteristics of the car, and I've put in everything  
17 that I can think of, but you'll probably think of more.  
18 Some of these are the current features of the vehicle,  
19 the current features of the test like whether it's  
20 aborted or not, and I'm going to go through four or  
21 five of these categories. What we're trying to do here  
22 is ask the question, what is the effect of one of these  
23 variables holding the other ones constant? And it's  
24 hard in our heads to hold these other things constant,  
25 and so this regression analysis has attempted to do

1 this, and what I'm able then to compute is the  
2 influences on the failure rate, which was on average  
3 16 percent, if one of these variables matters holding  
4 other things constant.

5 So let's look at the very first one here. It  
6 says, if the vehicle is one more year older, it will  
7 increase the probability of failing from 16 percent by  
8 1.44 percent, and that's what we all have anticipated,  
9 older cars have a higher probability of failure. I put  
10 these in percentage terms. Probability is usually from  
11 zero to one but I've got this from zero to a hundred.

12 I've also said, what happens if it has higher  
13 mileage? The estimate is that an additional 10,000  
14 miles increases the probability by 1 percent. So that  
15 first thing about age was saying if the car stays in  
16 the garage and ages a year, it has 1.44, but more  
17 likely it goes 10,000 miles or something like that.  
18 What we're basically picking up is both of these being  
19 positive signs that old cars that are driven a lot are  
20 the ones most likely to fail.

21 It also seems to be evident with those that  
22 have bigger engines. Well, how does that work out?  
23 More cylinders cause more failure, but the bigger  
24 engine itself causes less. They come as a package.  
25 You all think about it. How can you have an engine of

1 the same size or cylinders, and cylinders tend to come  
2 in pairs, I understand, but this is the type of  
3 regression analysis and I show you that we're picking  
4 up some effect of the type of vehicle is influencing  
5 whether it passes or fails, and are these sensible  
6 signs? I guess so. Are they [skip]

7 Now, the vanity plates. If the car has a  
8 vanity plate it has a .92 percent less likelihood of  
9 failing. We can build theories about whether those are  
10 being better maintained or not, but I'm just finding  
11 a statistical connection among these variables.

12 Here's a group of variables that have to do  
13 with the current test cycle, so there's something about  
14 this test cycle to say whether it's pass or failure.

15 If there was an aborted test immediately  
16 preceding, this is 4.6 percent added probability of it  
17 being a failure this current round. So we can predict  
18 that there will be a failure test by learning there was  
19 an aborted test previously, but even more, if I tell  
20 you it was a pre-test that is this first test, it's  
21 very likely to be a failure.

22 What if repairs have been acknowledged?  
23 You'd likely think that it reduces the chance of  
24 failure, and it does and it seems quite substantial.  
25 Those few cars that are indicating that they had a

1 repair done right before the test are failing much less  
2 than their other characteristics would indicate.

3 But here's the crucial variable. What  
4 happens if this test is done at a test-only facility  
5 versus a test-and-repair? It increases the probability  
6 of failure by 0.35 percent measured against an average  
7 of 16. It's a slight increase, but it's not huge.

8 CHAIR WEISSER: Is it a significant statistic  
9 —

10 MEMBER WILLIAMS: Well, I haven't said any of  
11 those words because this is 900,000 vehicles that are  
12 all statistically significant, but even more, they're  
13 all the Hondas in California for which we have two  
14 tests, so —

15 CHAIR WEISSER: It's by definition —

16 MEMBER WILLIAMS: — by definition this is the  
17 result. Now maybe if I tried another vehicle I'd get a  
18 different result.

19 CHAIR WEISSER: But it's not a sampling  
20 issue.

21 MEMBER WILLIAMS: It's not a sampling issue.  
22 It's a small but detectable effect.

23 CHAIR WEISSER: That should be a percentage  
24 mark?

25 MEMBER WILLIAMS: That should be a percentage

1 mark, and I am as good at typing as the average  
2 technician seems to be. And there should be a  
3 percentage in the next one too. And so this is if I  
4 know the car was directed, it adds the chance of 2.63  
5 percent.

6 Now, I've been struggling with interpreting  
7 this. I have a lot of other variables that are trying  
8 to designate the type of car, and I think what I'm  
9 doing is I'm (inaudible) that those things that I'm  
10 using to designate don't exactly tell me what is in the  
11 high emitter profile. If I could specify all of those  
12 characteristics, this variable should not matter. And  
13 I've used, not in here but I've used the pollution  
14 emissions category variables, and that changes this  
15 slightly, but there must be something about observable  
16 characteristics of the car that I'm not fully  
17 recording, but I'm able to distinguish between whether  
18 a vehicle is directed versus going to test-only. Even  
19 if you contribute all of this to test-only, it's pretty  
20 modest.

21 CHAIR WEISSER: So this plus .35 is a third  
22 as significant a change from the norm as (inaudible).

23 MEMBER WILLIAMS: Yeah.

24 MEMBER LAMARE: But that includes the  
25 volunteers.

1                   MEMBER WILLIAMS: And this is the volunteers,  
2                   yeah.

3                   MEMBER LAMARE: But the next one is the  
4                   directed.

5                   CHAIR WEISSER: Right, 2.6 percent.

6                   MEMBER WILLIAMS: I have two more sets here.  
7                   This is what happened about the previous test I got,  
8                   and I've broken this into two components. One is, we  
9                   know something about how long it's been since the  
10                  previous test, and it appears to me that if people are  
11                  procrastinating it might mean that they're more likely  
12                  to fail. And yes, you get a slightly higher – or the  
13                  car is deteriorating, right, something, but it's a  
14                  small effect.

15                  And likewise, driving more miles per year  
16                  seems to increase this. Remember, I've already tried  
17                  to control for the total miles driven, and this would  
18                  be asking are those miles been recently driven, and  
19                  that increases the failure rate slightly – no,  
20                  decreases it. These are very, very minor, and that  
21                  tells us something.

22                  A more important one was, is the previous  
23                  test an initial or a change of ownership? That seems  
24                  to have increased the failure rate a lot. If I knew  
25                  the previous was [skip] the new owner just doesn't care

1 or maybe the previous owner knew something that the car  
2 would be needing. Anyway, it's a little disconcerting  
3 and it is a bigger magnitude than test-only.

4 Finally, I've got some features of the  
5 previous test cycle. If the previous test cycle  
6 involved a failure or a tamper or something like that,  
7 the chance of this one resulting in failure is up  
8 13.0 percent. Failure breeds again failure.

9 If the previous cycle involved repair,  
10 there's more chance of a failure this cycle by a big  
11 amount.

12 MEMBER LAMARE: Involved a reported repair.

13 MEMBER WILLIAMS: A reported repair.

14 MEMBER LAMARE: Not all the repairs are  
15 reported.

16 MEMBER WILLIAMS: Not all the repairs are  
17 reported and all that, but I'm a little nervous about  
18 this sign, right? If the repair is done, it ought to  
19 have decreased the probability of failure this time.

20 CHAIR WEISSER: But it could be just  
21 indicative of -

22 MEMBER WILLIAMS: Cars that need a lot and  
23 have a lot done, right, but different repairs. The  
24 different repairs comment is a very good one and what I  
25 really want to do for another round of this, I can

1 always think of new things to do –

2 CHAIR WEISSER: Your researcher (inaudible).

3 MEMBER WILLIAMS: Yes, she understands that  
4 this is endless. I know why they failed, whether it's  
5 the functional part of the test or the low speed idle  
6 test or whatever, right, and I think we'd have a  
7 different interpretation of these results if it was a  
8 different part of the test that was causing the  
9 failure. I haven't broken out those extensible reasons  
10 for failure yet, and one reason is I wanted to see a  
11 result like this before I spent all the time.

12 Let's just complete the list here. If the  
13 previous cycle was a BAR90, it's a slightly higher  
14 failure rate now, but not by too much.

15 MEMBER LAMARE: But they weren't –

16 MEMBER WILLIAMS: They weren't being held to  
17 these standards, but this tells you something about  
18 what this matters.

19 CHAIR WEISSER: It's actually not as big a  
20 change as I thought.

21 MEMBER WILLIAMS: Yeah, I thought it would be  
22 bigger.

23 MR. ARMSTRONG: It's (inaudible) dollars  
24 worth of equipment.

25 MEMBER WILLIAMS: Yes. Something like that,

1       yes.

2                   MR. ARMSTRONG:   Right.

3                   MEMBER WILLIAMS:   If the previous cycle  
4       involved a test-only facility, the current one has a  
5       slightly lower chance of failure, but it also had a  
6       [skip]. So this might suggest that the previous  
7       test-onlys, because they found some that might not have  
8       otherwise passed and caused them to fail and they got a  
9       repair, it's consistent with what we're seeing about  
10      the current cycle that it only adds a little bit. It  
11      subtracted a little bit this time because it cost those  
12      cars two years before. Again a fairly small effect but  
13      it's detectable.

14                  It's small in relation to this final  
15      variable, which is if the previous cycle involved the  
16      same facilities as the current tests, and we can all  
17      think a lot of theories here, but it might be that the  
18      owner of this vehicle is involved in routine  
19      maintenance and has a good relationship or something.

20                  CHAIR WEISSER:   But that can improve  
21      test-only also.

22                  MEMBER WILLIAMS:   That can improve test-only,  
23      so this could be somebody went back to the same  
24      test-only facility, and these older cars were primarily  
25      directed vehicles, so there's a good chance that they

1 did that.

2 MEMBER LAMARE: That means it didn't change  
3 hands.

4 MEMBER WILLIAMS: It means it didn't change  
5 hands. So I conclude a lot of our interpretation,  
6 then, has to be what's going on to the car in the  
7 intervening two years, and so let me try to draw some  
8 conclusions.

9 That the individual vehicle histories do  
10 matter, which is my presumption and why I started the  
11 analysis, but not as strongly as I'd hoped. I thought  
12 these last variables would be the overwhelmingly strong  
13 explanatory variables. They don't reverse the analysis  
14 that the age of the car matters and things like that.  
15 (Inaudible). I haven't said, but it's true, that none  
16 of these characteristics explain the pass/failure rate  
17 all that well, and that's discouraging. If I put it in  
18 a regression context, my R squared is .17.

19 MEMBER LAMARE: All (inaudible) very poorly.

20 MEMBER WILLIAMS: [skip] It does reduce the  
21 difference between test-only and test-and-repair. We  
22 started off by saying it was 10 percent more, or  
23 9 percent more, and maybe a reasonable estimate now is  
24 1 or 2 percent more.

25 CHAIR WEISSER: 1 or 2 percent failure rates,

1       you're saying.

2               MEMBER WILLIAMS:   In the difference of  
3       failure rates, right, that if we look just at the raw  
4       data that says those cars that go to test-only have a  
5       19 percent failure rate, those that go to  
6       test-and-repair are at 9, 10 percent.   That difference  
7       narrows considerably if one controls for age of car,  
8       mileage –

9               CHAIR WEISSER:   So literally a 1 or  
10       2 percent?

11              MEMBER WILLIAMS:   But on this sample, and I'm  
12       not going to bet my life on that number, but it  
13       certainly narrows a lot.

14              And finally, and this is one reason that I  
15       have bet my life on that number is I think this  
16       analysis says that the driver's choices, which is  
17       whether they choose to have a pre-test or return to the  
18       same facility, matter as much on this scale of what  
19       affects probability as the difference between test-only  
20       and test-and-repair seems to matter, and disentangling  
21       these effects is very, very difficult as we don't know  
22       why a driver is choosing to have a pre-test done or  
23       return to the same facility.

24              As a social scientist, I guess I'm happy to  
25       say that it's the human behavior that is the most

1 complex thing here. Maybe those with an engineering  
2 background would say, no, no, it's what the vehicle is  
3 doing, but I will say that human choices makes  
4 understanding the engineering results, unfortunately,  
5 quite difficult.

6 These are only Hondas in all this, and there  
7 are other things to study such as what happened to  
8 those cars in 2000/2001 that we don't see again, were  
9 they disproportionately failures and so they were  
10 scrapped? We can all think of other things for Emily  
11 and me to do with the data and we'll try to do that,  
12 but it is an overwhelming amount of data, and I'm, as  
13 I've said before, quite sympathetic with the analysts  
14 of BAR and ARB about how much it takes to get a handle  
15 on what's going on here, and pleased that all the  
16 technicians at test-only and test-and-repair type  
17 better. And with that, I will conclude.

18 Is there a question?

19 CHAIR WEISSER: Oh. Jeffrey, Bruce said,  
20 'I'm in awe,' and I think frankly that would speak for  
21 all of us. The nature of the analysis and the  
22 conclusions, there's a lot of stuff that just isn't  
23 intuitive.

24 MEMBER WILLIAMS: No, it's not intuitive, and  
25 I can attest I'm certainly -- it's fresh to me too

1 because we only really finished yesterday so I haven't  
2 really digested all this, but it's very clear how much  
3 complexity is going on here, and for us to make a  
4 simple comparison of test-only and test-and-repair is  
5 very hard. All of you will remember that I cautioned  
6 before that there seemed to be as much heterogeneity in  
7 test-and-repair as uniformity. I want us to include  
8 Gold Shield and others, the new car dealer and all  
9 that; I just hadn't gotten that far in the analysis.

10 CHAIR WEISSER: In terms of the breakdowns.

11 MEMBER WILLIAMS: In the breakdowns, but we  
12 can keep going this way. I suspect adding all those  
13 other explanatory factors will only make the  
14 interpretation of the ones we have more difficult. I  
15 frankly was surprised at how the model didn't explain  
16 more. I thought I'd be able to tell better why cars  
17 are failing. I hope to go into the reasons of the test  
18 itself, what component is causing it to fail with the  
19 next step, but just getting this one dataset together  
20 has taken about a month.

21 CHAIR WEISSER: Well, why don't you do us a  
22 favor and introduce your researcher.

23 MEMBER WILLIAMS: Emily, you want to stand  
24 up?

25 [Applause]

1 CHAIR WEISSER: Our respect (inaudible) and  
2 sympathy.

3 MEMBER WILLIAMS: When I say I can find  
4 10,000 or 15,000 cars that have different VINs,  
5 somebody typed something wrong, but the same license  
6 plate would put them together, Emily has been doing  
7 some of those repairs to the dataset and she's pretty  
8 speedy at this and she can do one per minute, so that  
9 didn't get done yet. Yeah, that's a lot of minutes,  
10 and is it going to effect the final results? Well, I  
11 don't know until she wastes her summer.

12 CHAIR WEISSER: Well, let me ask questions  
13 first from the members of the Committee and then we'll  
14 go to the audience, and after that we're going to take  
15 a break. Unfortunately, I need to step out for a few  
16 moments to make a phone call, and I'm going to ask  
17 Ms. Lamare to assume the role of chair and moderator.

18 MEMBER LAMARE: Thank you, Vic, I will do  
19 that. Starting with me, I would like to acknowledge,  
20 Jeffrey, that your research does underscore the  
21 findings, I think you started this way, that the ARB  
22 and the BAR presented us a year ago that vehicle age  
23 and mileage do matter for failure and that those are  
24 the key primary factors, and that your research does  
25 support our January 2005 recommendations to the

1       Legislature that addressing age and mileage are going  
2       to be a good thing if we can do it. Is that correct?

3               MEMBER WILLIAMS: Yes. If you remember the  
4       failure rates by model year, we're seeing that plateau  
5       at about 15 years from the present.

6               MEMBER LAMARE: And you didn't find anything  
7       that would cause us to back off of our previous  
8       recommendations?

9               MEMBER WILLIAMS: No.

10              MEMBER LAMARE: And then in addition you  
11       found independent impacts of a number of small and  
12       discreet variables that were not related to each other,  
13       or at least your measurement was of their independent  
14       impacts.

15              MEMBER WILLIAMS: Yes.

16              MEMBER LAMARE: And these have impacts on the  
17       failure rate but they were small ones.

18              MEMBER WILLIAMS: Yes.

19              MEMBER LAMARE: And you found some that were  
20       as large as the direction to test-only.

21              MEMBER WILLIAMS: Yes.

22              MEMBER LAMARE: And you found that the  
23       direction to test-only was one of those factors.

24              MEMBER WILLIAMS: Yes.

25              MEMBER LAMARE: Okay. And did I see

1       correctly that it adds something like 2.5 percent to  
2       the failure rates?

3               MEMBER WILLIAMS:   That's if it's directed,  
4       but that may be due to the characteristics of the  
5       vehicle as much as where the test is done.

6               MEMBER LAMARE:   So at the moment we don't  
7       have a percentage that controls for the independent  
8       effect of direction (inaudible).

9               MEMBER WILLIAMS:   The variable test-only was  
10      supposed to control for that.

11              MEMBER LAMARE:   Okay.   So any further  
12      comments, then, on what we've learned about direction  
13      to test-only?

14              MEMBER WILLIAMS:   No.

15              MEMBER LAMARE:   Any other Committee members  
16      who would like to raise questions or comments?

17              MEMBER HISSERICH:   I just wanted to clarify  
18      because so much of what we talk about is this test-only  
19      versus test-and-repair, and I heard at the end and I  
20      just want to make sure that I heard correctly that if  
21      you control for the fact that those that are directed  
22      there typically are more likely to fail, if you control  
23      for that, the difference between the two is in the  
24      neighborhood of 1 percent?

25              MEMBER WILLIAMS:   1 or 2 percent, yeah.   Not

1 the 9 that we started with.

2 MEMBER HISSERICH: Right, not the 9 that  
3 showed up on the first pass through, so 1 to 2 percent.  
4 All right. I'm just trying to -- I'm not sure exactly  
5 what that means, but let's say out of 900,000 vehicles,  
6 that would mean 90,000 cars; is that right?

7 MEMBER WILLIAMS: 9,000 cars fail.

8 MEMBER HISSERICH: I was just trying to get  
9 an order of magnitude on that. Okay.

10 MEMBER LAMARE: Okay. Dennis?

11 MEMBER DECOTA: In any of this was there any  
12 way to determine the magnitude of reduction of  
13 emissions?

14 MEMBER WILLIAMS: There could be with another  
15 step, because I know what the emissions were, I ought  
16 to be able to look at that, too.

17 MEMBER DECOTA: I'm not trying to create work  
18 for you.

19 MEMBER WILLIAMS: You are creating work  
20 [skip] tests tell us something, right? We have to  
21 control for the fast pass and other items, but there is  
22 some information in there and what I'm trying to show  
23 with this analysis is that there is information in the  
24 test histories themselves that we can look at that is a  
25 complement to any roadside testing we do, but there is

1       some information in the prior tests about the effects  
2       of this program, so from emission reductions or pass  
3       rates, whatever one wants to analyze.

4               MEMBER DECOTA: Right. And the correlation  
5       between reductions that was assigned by the EMFAC  
6       modeling would be very important in determining the  
7       reductions overall.

8               MEMBER WILLIAMS: Yes, I would think so, too.

9               MEMBER LAMARE: Just another question,  
10       Jeffrey. Did you compare the 2 percent (inaudible) to  
11       the test-only directed and not directed tests?

12              MEMBER WILLIAMS: Yes, all of them together,  
13       but I could separate out just the 2 percent. The 2  
14       percent sample is all directed, it's the .1 percent  
15       sample that can go anywhere. It's all in here but –

16              MEMBER LAMARE: I thought the purpose of the  
17       2 percent sample was to create a random sample of all  
18       vehicle owners not subject to –

19              MEMBER WILLIAMS: That's the .1 percent  
20       sample.

21              MEMBER LAMARE: Okay.

22              MEMBER WILLIAMS: But I've put these all  
23       together. Clearly, I should just do this analysis on  
24       the subsample. What would that leave me with,  
25       approximately 9,000 vehicles. Did I do the math right?

1 No.

2 MEMBER DECOTA: 900.

3 MEMBER WILLIAMS: 950 vehicles, so the  
4 sample D.

5 MEMBER LAMARE: Well, I think that would  
6 help. Bruce?

7 MEMBER HOTCHKISS: As Vic said, I'm in awe,  
8 and not only by all the figures, but by the amount of  
9 work that you've put into this, and it just seems to me  
10 that it's not just for us or the State of California,  
11 and I was wondering if you have any idea if you had  
12 done this as a contract.

13 MEMBER WILLIAMS: Well, I was the low bidder,  
14 this is true.

15 MEMBER HOTCHKISS: Yeah, I know that, but I  
16 think it's important that people realize how much money  
17 was probably saved by you doing this instead of  
18 actually giving this to a contractor. It's amazing to  
19 me you and your research assistant have put in so much  
20 time.

21 MEMBER WILLIAMS: Two or three months.

22 MEMBER LAMARE: Anyone else?

23 MEMBER DECOTA: Were you the lone bidder on  
24 that one?

25 MEMBER LAMARE: Rocky.

1                   MR. CARLISLE: I just wanted to comment at a  
2 meeting I had with Tom Cackette on Friday that he  
3 expressed his appreciation for all the work you're  
4 doing on this as well. He made the comment to me.

5                   MEMBER WILLIAMS: It's intellectually very  
6 interesting, so it's fun to do.

7                   MR. CARLISLE: It's great, thank you.

8                   MEMBER WILLIAMS: So I'm not begrudging it at  
9 all, and I see more and more the complexity of doing  
10 this analysis. I think we all want an analytical basis  
11 for the decisions we make, that's clear.

12                  MEMBER LAMARE: Thank you.

13                  MEMBER WILLIAMS: And I don't claim that this  
14 is perfect. After all, it's just the Hondas. So I sit  
15 there and —

16                  MEMBER LAMARE: Public comment? Charlie?

17                  MR. PETERS: Yes, I'm Charlie Peters, Clean  
18 Air Performance Professionals, represents some  
19 motorists. A couple things.

20                  First thing. I very much appreciate  
21 Jeffrey's hard work here. I think what he's having to  
22 say is very important. And it's not the most  
23 comprehensive. At this point about the most  
24 comprehensive analysis I've heard in the last 15-plus  
25 years, because I've heard a lot of them, and I think

1       that's really cool.

2               However, having said that, having said that I  
3       think what he's saying is absolutely important, I have  
4       some question as to whether or not you standing over  
5       here talking to that wall is going to go on the record,  
6       and I think that when his comments are absolutely  
7       important that somehow we can accommodate Jeffrey in  
8       such a way that the record will show and say what he  
9       says, I think that would really be [skip] because I  
10      think what he's saying is really important, so if we've  
11      got to get him a wraparound mic or something so that  
12      his really important words here are kept in the record,  
13      I certainly would be supportive of that. His voice is  
14      booming and he is, you know, he is just great and  
15      marvelous, but the mic might miss a few of those words  
16      and I think they're worth saving.

17             I certainly want to say something about the  
18      previous speaker. I am disappointed that we separated  
19      those two and weren't able to comment about that. I  
20      absolutely wish to comment about the previous speaker  
21      as well. Thank you, Mr. Chairman.

22             CHAIR WEISSER: Charlie, if you have any  
23      comments regarding the previous speaker, please make  
24      them.

25             MR. PETERS: Well, Mr. Chairman, the previous

1 speaker provided a whole lot of really interesting  
2 information, sort of like the last time I stood up here  
3 and didn't know what I was talking about, it seems to  
4 me as though we're blaming the federal EPA for the  
5 basis for test-only, et cetera, except I got a letter  
6 in 1992 by the Secretary of State and Consumer Services  
7 and the Deputy Secretary of State and Consumer Services  
8 and the Secretary of CALEPA saying please do not allow  
9 California any more chances at test-and-repair, period,  
10 and that's what generated the test-only from EPA,  
11 that's what generated the 50 percent discount. So  
12 blaming this on Federal EPA is not correct. It is the  
13 State of California that made the demands and the EPA  
14 responded to it. The 1995 highway bill does not allow  
15 the EPA to base it on the model. The state has the  
16 right to set and tell the Federal EPA what reductions  
17 are being made, and if we disregard that, in my opinion  
18 we are irresponsible.

19 CHAIR WEISSER: Thank you, Charlie. Okay. I  
20 don't know if you were going left to right, Jude?

21 MEMBER LAMARE: I was going to Chris Walker  
22 next.

23 CHAIR WEISSER: Mr. Walker.

24 MR. WALKER: Chris Walker on behalf of the  
25 California Service Station Automotive Repair

1 Association. I did have a few questions for Cynthia  
2 Marvin regarding the 2002 evaluation. I see that she's  
3 gone, but perhaps –

4 MEMBER LAMARE: Sylvia's here.

5 MR. WALKER: Sylvia's here? If we could get  
6 a little bit to the gold standard of EPA, going back to  
7 Charlie's point that what we call the centralized IM240  
8 system at that time was considered to be the gold  
9 standard. There's a MOU, memorandum of understanding  
10 between the State of California and the USEPA preceding  
11 our SIP which promised that we would meet those  
12 objectives, and since time has occurred (inaudible) in  
13 relation to the SIPS and the SIP updates and all going  
14 back to that original agreement that we agreed to live  
15 by this gold standard, and the question really comes  
16 back to, and the question you asked, Mr. Chairman  
17 regarding other states and their progress, is what is  
18 the validity of that gold standard? Would that gold  
19 standard really achieve the reductions that the model  
20 predicts that it would, and what are the other states,  
21 not just the states that have hybrid programs, but what  
22 are the states that have a hundred percent centralized,  
23 what are they theoretically achieving and what do their  
24 results show?

25 It seems to me that we're playing an

1 interesting modeling game and over time that that has  
2 gotten very confused, people have become very  
3 comfortable living where they are and not going back  
4 and reassessing.

5 The information that was presented by  
6 Dr. Williams was incredibly fascinating to me. I would  
7 hope that the state agencies, both ARB and BAR and  
8 USEPA, move quickly to reevaluate whether or not there  
9 is a significant advantage of test-only versus  
10 test-and-repair, not wait two more years of studies and  
11 (inaudible) but to do it right now. Every month that  
12 goes by 250,000 people are being directed to test-only.  
13 The higher cost and higher inconvenience to them and  
14 the test-and-repair businesses are being harmed  
15 financially all the time, and this is not denying that  
16 the fact that in effect it's happening every day of  
17 every month. These agencies should take this seriously  
18 and go back and reconsider how they've arrived at where  
19 they're at and the wisdom of doing so.

20 Thank you.

21 CHAIR WEISSER: Thank you. I will ask Sylvia  
22 if it's not true that in fact ARB has now embarked on a  
23 more, well, I'd say a reanalysis of that question?

24 MS. MORROW: Looking at the test-only and  
25 test-and-repair issue, and one of the things that we

1 looked at just like Jeffrey is that the failure rates  
2 are not that much different and we concluded that also.

3 However, the other aspect of and what Cynthia  
4 had alluded to was that in our previous analysis in  
5 2000, test-only vehicles were repaired to a lower  
6 level.

7 MEMBER LAMARE: Higher standard or better.

8 MS. MORROW: Well, I mean the emissions were  
9 lower, so their emissions were lower after the had gone  
10 to a test-only station, so that was the second part of  
11 the assumption.

12 Actually, right now we're getting ready to do  
13 a contract. We've started the contracting procedure,  
14 and like I have said previously, we would ask the IMRC  
15 to look at in this contract we're going to have  
16 somebody develop a test procedure to look at this  
17 difference and we would like the IMRC's comments when  
18 we develop that test procedure. But also something  
19 that Cynthia had alluded to is, you know, the real big  
20 important way to get the emission reductions are why  
21 are cars failing right after they pass a Smog Check.  
22 And also something is, you know, we have shown that  
23 test-only has benefitted in the past through the 2000  
24 report.

25 So we need to look at all those aspects of

1       why it was better then and not better now, if there is  
2       a difference, or why are cars failing six months or  
3       shortly after their Smog Check, so there's a lot of  
4       things that we need to look at at this whole picture of  
5       improving the Smog Check Program.

6               CHAIR WEISSER:  When, Sylvia, would you be  
7       able to initiate that sort of discussion with us?

8               MS. MORROW:  Well, we're in the process right  
9       now of doing the contract, we're working on our  
10      contract, BAR and ARB.  It is right now (inaudible)  
11      contract, so we're right in the middle of the process.  
12      When we issue the request for offer, we'd like you guys  
13      to take a look at it, and in that request for offer  
14      there is a tab that we'll be looking at this issue, and  
15      so then once we get the contract up the first item that  
16      we would like to proceed to develop is the test  
17      program.

18              CHAIR WEISSER:  Well, are we going to have an  
19      opportunity before the contract is let to look at the  
20      nature of what you're asking the contractor to do?

21              MS. MORROW:  Yeah, because that will be a  
22      public document when we do a request for offer at that  
23      time it will be a public document.

24              CHAIR WEISSER:  So you're going to bring it  
25      forward to us prior to the request for offer; is that

1 correct?

2 MS. MORROW: When a request for offer is put  
3 out we will do what they call a CMAS process where we  
4 do a request for offer and then contractors do a bid,  
5 so at that time it becomes a public document and we  
6 will be able to release it.

7 CHAIR WEISSER: So we would not then be able  
8 to provide you any input in terms of structure of the  
9 analysis that you're asking for.

10 MS. MORROW: At this time it is a contracting  
11 document and right now we do have a task set up in  
12 there to be -- we still can develop the test plan and  
13 that is the plan so far.

14 David, did you have something to say?

15 MR. AMLIN: David Amlin, Bureau of Automotive  
16 Repair. Their job is to develop a test plan. There  
17 isn't a lot in terms of scope to go ahead and do that,  
18 and so consequently I think it's the process which they  
19 go ahead and fill out the plan that you go ahead and  
20 provide input. You're asking can you go ahead and see  
21 a copy of the draft proposed plan and comment on it  
22 before it's final; is that correct?

23 CHAIR WEISSER: Well, I'm just trying to open  
24 the process up a little bit. I mean, this is an issue  
25 of significant interest from the Committee's standpoint

1 and obviously from the public standpoint, and I'm  
2 wondering if you wouldn't be inoculating yourself from  
3 future criticism in terms of the scope of the study and  
4 your methodology if you put it out and you got some  
5 input. Whether you accept the input or not, at least  
6 you would have heard what suggestions we and the public  
7 might have regarding the scope of the study.

8 MR. AMLIN: I think that we do want your  
9 input. I think that the opportunity is to comment on  
10 the plan while it's in a draft form before it's  
11 finalized. I sense you think that we might have a list  
12 of things that we want them to do for the plan, we've  
13 kind of developed a pre-plan and then developed a plan.  
14 That's not the case; they are developing a plan, and  
15 we'll have a draft and we can share that draft and get  
16 the Committee's comments.

17 CHAIR WEISSER: So —

18 MS. MORROW: Well, it's a request for offer  
19 and there's a number of paths on this list of things to  
20 do that ARB and BAR are looking into many different  
21 items, and one of them is to develop a test plan to  
22 look at station performance, why are vehicles failing  
23 right after they pass a smog, and to develop some test  
24 plans and take a good detailed look at that analysis  
25 and come up with some conclusions.

1 CHAIR WEISSER: Jude and then John.

2 MEMBER LAMARE: Mr. Chairman, I see the  
3 agencies following a very reasonable, rational process.  
4 I don't know that it would be proper form for an IMRC  
5 to become involved in the contracting document  
6 drafting. I'm sure the state has certain contracting  
7 procedures that they follow and part of the procedure  
8 is to make sure that it's a competitive bid and that  
9 they don't really want to trot out everything out here  
10 for us to comment on first.

11 What they've described to us is a list of  
12 tasks and one of the tasks will be to address the  
13 issues that we've raised here. We trust them to pick a  
14 good contractor, that's not our business. Once they  
15 pick their contractor, then that contractor can work  
16 with us on that definition of that task and how they're  
17 going to go about it.

18 CHAIR WEISSER: I have no interest in the  
19 IMRC getting involved in the contract selection or  
20 anything like that, but I'm wondering, you know, when  
21 you're doing the scope of what you're going to study  
22 and the questions you're trying to answer from that  
23 data collection, it seems to me at that point using  
24 IMRC as a vehicle to receive input would be helpful.  
25 I'm not trying to intrude, I truly am trying to see if

1     you don't want to use this place as an opportunity to  
2     get input to at least ensure that you're addressing the  
3     sorts of issues that we've been hearing about forever.

4             David?

5             MR. AMLIN: This is something that BAR and  
6     ARB had some discussion and we do want the Committee's  
7     input on the plan. Just to be clear, the contract that  
8     Sylvia's talking about that are going out is to develop  
9     a test plan, not to operate a test program, so this is  
10    the plan, this is the beginning.

11            CHAIR WEISSER: Well, I'd be pretending if I  
12    said I understand what's going on. John?

13            MEMBER HISSERICH: My understanding is you're  
14    going to go out and ask a contractor to design a test  
15    for you. In other words, design statistically and  
16    through whatever tools that they would propose to use  
17    to answer a set of questions; is that accurate?

18            MR. AMLIN: Well, it might even be that the  
19    test plan is a test program possibly like we've done  
20    before with the Air Resources Board lab in El Monte  
21    where we go ahead and actually run cars through Smog  
22    Check stations and look at the changes in emissions and  
23    things like that. It could be a test program, it could  
24    be data analysis, could be a combination, it's a plan.  
25    I think, as Jeffrey has already found out, any single

1        thing you look at in this program is hard to go ahead  
2        and have a really conclusive answer that's going to  
3        answer everything.

4                MEMBER HISSERICH: I understand, and I guess  
5        what we're all struggling with is, are you going to put  
6        out a request for proposal basically to people, and  
7        let's just say for the sake of argument that the  
8        Department at UC Davis is one of the respondents and  
9        says, here's how we would answer a series of questions  
10       about how this works. Is that what you're looking for?  
11       Are you going to tell them here's the questions, you  
12       know, there's eight questions that we want you to  
13       respond to. You tell us how you're going to do it.

14               MR. AMLIN: I'm lost if you're asking about  
15       the contents of the RFP.

16               CHAIR WEISSER: I understand.

17               MEMBER HISSERICH: You understand.

18               CHAIR WEISSER: This is the chair speaking.  
19       I think I understand what you just said. In other  
20       words, are you going to be -- well, you just said.

21               MEMBER HISSERICH: Yeah, are you going to  
22       say, here's eight issues or ten or however many that we  
23       want you to address, and they will tell you how they're  
24       going to do it, or are you going to say to them, we  
25       need to evaluate this program. You formulate the

1 questions and tell us how you're going to answer them.

2 CHAIR WEISSER: Well, I think that it's  
3 looking as if neither of the above is the answer.

4 MR. AMLIN: I just want to add, the  
5 conversation is (inaudible) talk about the content.  
6 We're not here today to [skip] one of the elements of  
7 many things they're going to have to go ahead and do is  
8 come up with a test plan. If you believe that we have  
9 a pre-test plan to send to them to have them fine-tune  
10 on —

11 MEMBER HISSERICH: I don't believe, I'm just  
12 trying to understand what it is that you're going to be  
13 asking for.

14 CHAIR WEISSER: Maybe what we need to do is  
15 to ask you, and it doesn't have to be now, and in fact  
16 I think it better not be now, but at our next meeting  
17 if you could present to us what you're proposing to do  
18 and how you would like, if at all, this Committee to be  
19 involved, if you could describe that and we could have  
20 a discussion between us and the agencies.

21 MR. AMLIN: I want to go back just to a prior  
22 comment because I think that there's some  
23 misunderstanding. The contractor is going to come up  
24 with a test plan and the test plan won't be finalized  
25 before you have an opportunity to comment. I'm not

1       sure what's left for this Committee to comment on.

2               CHAIR WEISSER: Well, I don't know what your  
3       — what's the test plan going to cover? What questions  
4       are you attempting to answer through asking a  
5       contractor for the test plan?

6               MR. AMLIN: Are there some questions that  
7       this Committee would like to put on specifically to  
8       have us try to have included in the original RFP?

9               MEMBER LAMARE: (Inaudible) That's the way  
10      to deal with it right now. There are people who might  
11      want to make comments about what should be or not on  
12      the IMRC.

13              MR. AMLIN: Aside from that?

14              CHAIR WEISSER: No, I think Jude captured the  
15      issue.

16              MEMBER LAMARE: There are people with their  
17      mics up, Vic.

18              CHAIR WEISSER: There are? Tyrone.

19              MEMBER BUCKLEY: Sir —

20              MR. AMLIN: I guess I did have a question on  
21      Jeffrey's presentation if it would be appropriate to  
22      ask. I was trying to understand, I'm not sure I saw  
23      the number that you were saying 1 to 2 percent  
24      difference in failure rate; is that (inaudible)? So  
25      you think that's, just split the difference call it

1 1-1/2 and that's over the average 16 percent failure  
2 rate (inaudible) 10 percent failures difference?

3 MEMBER WILLIAMS: (Inaudible)

4 MR. AMLIN: (Inaudible) and said that that is  
5 the — so you just go ahead and say that's the total  
6 effect of this, 10 percent failure rate, and you say  
7 today based on the last evaluation I'm going to rough  
8 it out and say between HC and NOX it's about 200 tons a  
9 day, maybe a little bit less, and so we're talking  
10 about 10 percent of the potential reductions from Smog  
11 Check, so we're talking from that be about 20 tons a  
12 day?

13 All the reductions from Smog Check come from  
14 failures, so when we're talking about relative failure  
15 rate and I heard somebody say what's 1 or 2 percent of  
16 the fleet, but 1 or 2 percent of the failures is a lot  
17 in tons. I just want to make sure that there's some  
18 sense that a couple percent is big and I'm just trying  
19 to make sure that my understanding of that is correct  
20 in that.

21 MEMBER WILLIAMS: Yes.

22 MR. AMLIN: Okay.

23 MEMBER LAMARE: Twenty tons.

24 CHAIR WEISSER: Not an insignificant number,  
25 but also a number that's, I guess, somewhat different

1 and less than other things we've heard tossed around.

2 Tyrone?

3 MEMBER BUCKLEY: I was just going to also  
4 suggest that as part of the request for proposal maybe  
5 they could ask them when they're thinking of doing an  
6 environmental justice, adding that to the request for  
7 proposal.

8 CHAIR WEISSER: I guess we have to get a  
9 better understanding of the scope of the study to see  
10 whether EJ gets in, but clearly if there's EJ aspects  
11 that need to be explored, (inaudible).

12 MEMBER BUCKLEY: I think they also have a,  
13 and correct me if I'm wrong, but I think ARB has an  
14 environmental justice subcommittee. I think the folks  
15 from the environmental justice committee is -

16 MEMBER LAMARE: CAL EPA.

17 MEMBER BUCKLEY: I think ARB might have their  
18 own.

19 MEMBER LAMARE: Oh, their own?

20 CHAIR WEISSER: There's a CAL EPA  
21 environmental justice advisory committee [skip]. I  
22 don't know if ARB has a statewide environmental justice  
23 advisory committee.

24 MEMBER BUCKLEY: I believe they do and I  
25 think if they knew that -

1                   MEMBER LAMARE: She's shaking her head yes.

2                   MEMBER BUCKLEY: – and maybe getting their  
3 feedback on whether or not their implications are  
4 similar.

5                   CHAIR WEISSER: You've put that forward.  
6 Representatives from ARB have heard that.

7                   Bruce.

8                   MEMBER HOTCHKISS: I want to go back to  
9 something that Cynthia alluded to, and she was saying,  
10 I think, that one of the big differences between  
11 test-only and test-and-repair was the length the  
12 repairs lasted, and it seemed to me that she was saying  
13 that this was verified by roadsides. I'm just  
14 wondering where we are on roadsides. I mean, if the  
15 last data came from 2000, that's quite awhile ago and  
16 it would seem to me that you would need to update this  
17 information a lot more frequently than every five  
18 years. When are we going to have a new update, a new  
19 verification to support this assumption?

20                  CHAIR WEISSER: I think that's an outstanding  
21 question and one that perhaps could be addressed when  
22 we chat about the study that's coming forward.

23                  I'm sorry, David, if I am confused or maybe  
24 it's just late in the afternoon and I'm tired, but I've  
25 had a very hard time understanding what you were saying

1 and how it relates to the work that you and ARB are  
2 doing in terms of preparing this analysis.

3 MR. AMLIN: Couple things. David Amlin,  
4 Bureau of Automotive Repair.

5 On the one question on roadsides, I think on  
6 the last evaluation that was done there was not enough  
7 roadside data collected during that time period to do  
8 another station performance analysis as was done on the  
9 original (inaudible) at the time to provide a large  
10 enough sample.

11 I think another thing that happens that we  
12 see that's a challenge out of all this is that the very  
13 first cycle of Smog Check we see the biggest change.  
14 First time everybody went through ASM we saw the  
15 highest failure rate, we saw the biggest change in the  
16 fleet, I think we saw the biggest effect of test-only.  
17 After you have cars that go through those cycles a  
18 number of times and you start getting more of those  
19 cars fixed, and any time you have a portion of the  
20 system that has cars going to some portion of the  
21 system that does better, the only possible outcome of  
22 that is that the failure rate would reduce also, and so  
23 consequently there are all these effects of multiple  
24 inspections that have on the program, and to go ahead  
25 and be able to understand all of those effects and be

1 able to quantify all the impacts of the program and all  
2 the decisions, the sample we had the first time has to  
3 be much larger, and it's actually gone the other way.

4           You know, you've heard before the number of  
5 staff we have lost, the number of people that we have  
6 operating on roadside teams are much fewer than we had  
7 originally, and so we have less testing instead of more  
8 testing and it's a tough question to go ahead and  
9 answer, because we are looking for a smaller change. I  
10 think whether it's whatever Jeffrey came up with on his  
11 analysis, the smaller change you're looking for, the  
12 more difficult and the larger sample it takes to be  
13 able to go ahead and do that, and so consequently it is  
14 a challenge.

15           We did go through the data for the 2003  
16 report that included at least most of the roadside data  
17 we had up to that point. We had to finally cut it off  
18 so that we could go ahead and do our analysis. I'm  
19 sure, as Jeffrey's found, at some point you have to go  
20 ahead and say I've got my data (inaudible) analyzing  
21 it. There was some testing that was done after that,  
22 not a lot. Then we had the remote sensing pilot that  
23 you're aware that went on, and that was over a year and  
24 that's all the roadside teams did for that time period.

25           Currently we have recently just completed the

1 RSD analysis, and now they are doing some evaporative  
2 system testing that they're doing for us on roadside,  
3 and at the point that that is complete they will return  
4 to traditional roadside ASM testing to collect some  
5 data for the fleet. At best we would have two teams at  
6 this point that we can have operational doing ASM  
7 testing (inaudible), and so that's data on the  
8 quantification of tons in the fleet emissions and  
9 changes out there. And then what we do see on  
10 something like this is if you want to get down and look  
11 at real detail to figure out individual program  
12 elements to be able to quantify that, it would take a  
13 bigger effort than probably what we have right now.

14 And it depends too if we have other special  
15 studies that come along like this remote sensing study.  
16 Originally I think that we thought we were going to  
17 contract out for the operation of the remote sensing.  
18 BAR did not anticipate having to pick up that workload,  
19 and so it set us back. We were not anticipating that  
20 and (inaudible) essentially for a year and a half, and  
21 that's definitely hurt our ability to go ahead and have  
22 data to analyze for the next go around.

23 Vic, maybe we can talk after we're done  
24 something along those lines. I know you're asking a  
25 question basically on the contract effort that's going

1 on. It is asking the contractor to go ahead and  
2 develop a test plan to go ahead and say how would you  
3 measure (inaudible) how you would do this, make  
4 recommendations.

5 CHAIR WEISSER: So you're going to be asking  
6 several potential contractors to respond to that sort  
7 of question?

8 MR. AMLIN: Actually, that would be whoever  
9 is awarded the contract is to go ahead and do that.  
10 That would be one of the work order tasks is to develop  
11 a plan. It's not the response to the request, it is  
12 the task to go ahead and develop the plan.

13 MEMBER HISSERICH: Could I just ask a  
14 question on that (inaudible)?

15 CHAIR WEISSER: Sure, John.

16 MEMBER HISSERICH: Does that mean that you're  
17 really going to ask for a statement of their  
18 capabilities? You're going to ask them their ability  
19 to do an analysis?

20 MR. AMLIN: (Inaudible) procurement where we  
21 want somebody who already has somewhat the capability,  
22 they're going to go ahead and do and also go ahead and  
23 provide a cost estimate to go ahead and perform a  
24 number of tasks.

25 MEMBER HISSERICH: They're going to give

1       their skills, their abilities and a cost estimate, and  
2       they're going to tell you what they're going to do,  
3       after they –

4               MR. AMLIN:   (Inaudible)

5               MEMBER HISSERICH:   Okay.   I just –

6               CHAIR WEISSER:   I'm intrigued.   Hold on for a  
7       second, Dave.   We really need – this Committee has no  
8       role and responsibility in your selection of a  
9       contractor.   The only thing we have a responsibility  
10      for is to provide you and the Legislature and the  
11      Governor advice on program administration and how to  
12      improve the program.   But what you're saying, Dave, it  
13      sounds like are you negotiating a sole source contract  
14      for this?

15              MR. AMLIN:   No.

16              CHAIR WEISSER:   Okay.   So there will be  
17      opportunities for a variety of potential contractors to  
18      respond to a request for, as you've described it, a  
19      study plan, blah-blah-blah?

20              MR. AMLIN:   It's not a request for proposal.

21              CHAIR WEISSER:   Okay.   I shouldn't use 'RFP'  
22      so what's the right phrase?

23              MR. AMLIN:   CMAS contract procurement.

24              CHAIR WEISSER:   CMAS contract procurement.  
25      Will more than one person or organization be responding

1 in your CMAS process?

2 MR. AMLIN: I hope and believe so.

3 CHAIR WEISSER: Fine. I have no further  
4 questions on this. Thank you very much, David.

5 Rocky, Charlie Peters raised a very good  
6 point regarding Jeffrey's comments being captured as  
7 part of the record, and you seem to have something you  
8 wanted to say. Could you respond?

9 MR. CARLISLE: Yes, I was just going to point  
10 out that these microphones that we use for the PA  
11 system here are not used for recording. In fact, it's  
12 that little [interference] on the desk.

13 CHAIR WEISSER: You mean the thing I have  
14 under the jelly donut?

15 MR. CARLISLE: Yes. But there's also one  
16 here, there's one on my desk. The truth of the matter  
17 is, even if there was just one down at this end it  
18 would still pick up all the way down to Tyrone, so he  
19 could have probably walked to the first row of chairs  
20 and it would still pick up.

21 CHAIR WEISSER: Thanks very much, and we'll  
22 find out, the proof is in the pudding when we get a  
23 chance to see.

24 - o0o -

25 We're going to work from the back end.

1 Randy, Larry, Chris, Chris. And folks, we are in the  
2 open discussion period, so if it's on this item that's  
3 fine, but if it's on another item, that's fine, and  
4 we'll be ending at four o'clock.

5 MR. WARD: Jeffrey Williams, I appreciate the  
6 work that you've done. As a graduate student assistant  
7 that did some work on a contract that the university  
8 was being paid at one time and I wasn't, I can  
9 certainly appreciate your graduate assistant's effort  
10 as well.

11 One comment that I'd make and that may be  
12 significant but it's certainly worthy of your  
13 consideration is vehicles '96 and newer should probably  
14 not be included, and the reason they shouldn't be  
15 included is there should be no difference on an OBDII  
16 car on whether it was tested at test-only, Gold Shield  
17 or regular test-and-repair.

18 You know, it's a curiosity to me and I  
19 recognize it's a smaller number, but the 1-1/2 or 2  
20 percent number that you were talking about in terms of  
21 the difference between test-and-repair and Gold Shield,  
22 that is a fairly significant number in terms of  
23 emissions. If that number doubled or tripled as a  
24 result of removing the '96 and newer, then you would  
25 have potentially a much larger emissions.

1                   Thank you, that's all I have to say.

2                   CHAIR WEISSER: Randy, I don't understand why  
3 you say he should remove those cars.

4                   MR. WARD: Well, you're trying to draw some  
5 comparisons between tests and the various categories of  
6 facilities that are doing the tests, and the emissions  
7 associated with those failures and presumably the  
8 mechanical repairs that are then occurring as a result  
9 of those tests. On '96 and newer the test rate, the  
10 failures, passes, et cetera, should be identical for  
11 test-only, test-and-repair and Gold Shield, they should  
12 be the same.

13                  CHAIR WEISSER: I guess I'm having a tough  
14 time this afternoon. Why would they be identical?

15                  MR. WARD: Because the function of an OBDII  
16 test, and somebody like Rocky or Dave can explain that  
17 better than I, is a much, the function is much less  
18 vulnerable to the human element than are vehicles  
19 previous to 1996.

20                  CHAIR WEISSER: You mean that they're  
21 downloading the data off of the port that's on the OBD?

22                  MR. WARD: That's correct.

23                  CHAIR WEISSER: But that's not the only  
24 aspect of the test that's being done.

25                  MR. WARD: Well, all I'm saying is, that is

1 clearly the most significant aspect of the test, that's  
2 where the emissions readings come from. I'll let the  
3 Air Board or the Bureau make the comment because I'm  
4 sure they could make it technically much better than I,  
5 but there really should be no difference on those  
6 tests. Thank you.

7 CHAIR WEISSER: Thank you. Larry?

8 MR. ARMSTRONG: Yes, my name is Larry  
9 Armstrong. I will have to address this in a couple of  
10 different stages here because we didn't have public  
11 comment against the previous speaker.

12 And Mr. Williams, I'm going to step outside  
13 here because I am not a licensed smog technician but I  
14 do remember some things, and the choice of a Honda as a  
15 vehicle may be somewhat problematic because there's  
16 something about the way to test a Honda that my  
17 recollection tells me that the BAR guy told me one time  
18 that the Honda people tell you to cycle a lot of the  
19 Hondas through two sequences of fan cycles before you  
20 test the car, which is not on the BAR's schedule of how  
21 to test the car, and so if that's true there could be  
22 some problems with using those vehicles as a vehicle  
23 for making a demonstration project. I am not a  
24 licensed technician, I never have been one over the  
25 years, but I believe that Mr. Williams, part of his

1       PowerPoint show there showed that there was a, was it a  
2       43/100ths difference between BAR90 and ASM; is that  
3       what I saw there?

4               MEMBER WILLIAMS:  If the previous test of the  
5       two test cycles had been BAR90, there was .43 percent  
6       increase in the failure rate on the ASM primary setup  
7       test.

8               MR. ARMSTRONG:  Well, as we're going along  
9       talking about the ARB developing different things, back  
10      in 1992 I was asking the previous Committee and the  
11      State of California to give some thought to whether we  
12      really needed (inaudible) a lot of them said  
13      \$200 million worth of equipment, that's my estimate of  
14      what was spent in the Bay Area alone, it's probably  
15      \$600 million worth of equipment, and when you add in  
16      the cost that consumers have paid for that privilege,  
17      we're probably talking \$3-5 billion that may be hinging  
18      on .43 of 1 percent plus or minus, and somebody ought  
19      to be in trouble at that point in time.

20              The ARB said that they use a discount, but I  
21      could see no reason for using any discount if  
22      Mr. Williams' information is accurate, which I've said  
23      all along that the difference between test-and-repair  
24      and test-only is that I would be inclined to agree with  
25      his number there.

1 Time's up on that one.

2 CHAIR WEISSER: Larry, why don't you have a  
3 seat and we'll let the next person speak and if there's  
4 more time at the end we will give you more time.

5 MR. ARMSTRONG: I will speak on the issue of  
6 the previous speaker and if the time runs over, then  
7 time better run over, because we're not following  
8 proper procedure.

9 CHAIR WEISSER: No, actually Larry, the  
10 proper procedure is for this body to have a choice as  
11 to whether it will include all public testimony at the  
12 end of business. It is only required to receive public  
13 testimony prior to taking an action or a vote on an  
14 item, so on these information items, Larry, we are  
15 extending you and the rest of the public a courtesy  
16 that is not usually granted by these sorts of boards  
17 until the end of the complete session.

18 MR. ARMSTRONG: Well, then that's fine, if  
19 that's the policy that you're going to have.

20 CHAIR WEISSER: No, the policy that we have  
21 had to encourage communication back and forth between  
22 the public and this Committee is to try to take a break  
23 between each item regardless of whether or not it's a  
24 decision, an item where this Committee needs to make a  
25 decision. I chose to consolidate these two because

1       they are related.

2               MR. ARMSTRONG: Well, at one time you spoke  
3 about outrage, and I will say to you that right now I'm  
4 a little bit disconcerted when we stick between and the  
5 person that was the speaker leaves the room and isn't  
6 available for comment.

7               CHAIR WEISSER: I'll agree that was  
8 unfortunate, I thought Cynthia was going to be staying.  
9 I agree with you and I regret that, too.

10              Chris?

11              MR. ERVINE: Chris Ervine with STARS. First,  
12 I understand a lot of you don't have any mechanical  
13 knowledge about cars, so I'd like to give you just a  
14 little bit of a brief kind of description of a Honda.

15              Prior to about 1993 you couldn't do a better  
16 vacuum on a Honda if you just dumped a bowl of  
17 spaghetti over the top of the engine. Honest to God,  
18 that's what it looks like, there are just thousands of  
19 hoses. I would not be a bit surprised to see a  
20 100 percent failure rate on a Honda pre-90, so I'm not  
21 a bit surprised by his findings here.

22              To find that a vehicle has failed [skip] and  
23 if it was another 3 percent if there were repairs made  
24 does not surprise me at all.

25              CHAIR WEISSER: Why?

1           MR. ERVINE: Because of the nature of the  
2 vehicle. The emission systems on it are very, very  
3 complex. The diagnostics are very poor, and like I  
4 say, we're dealing with a thousand miles of very  
5 brittle vacuum hoses that fail and a lot of solenoids  
6 and relays, so this vehicle doesn't surprise me with a  
7 high failure rate.

8           David's remark from BAR about the 2 percent  
9 that we're giving up if we do away with test-only and  
10 just go to test-and-repair kind of upsets me because  
11 the State of California just gave away that with five  
12 and six year newer vehicles, so we're talking about  
13 something here that the State of California has just  
14 given away anyhow.

15          CHAIR WEISSER: Hold the time, Rocky.

16          And that 2 percent is related to 2 percent of  
17 the failures, not 2 percent necessarily of the emission  
18 reductions, as I would understand it.

19          Back on. Thank you.

20          MR. ERVINE: To the speaker from ARB, the  
21 number of questions I had was, why was not the industry  
22 informed of the 36 percent in 1997 when we were drawn  
23 online with the program, when the State of California  
24 fully knew well that they were going to increase this  
25 number to 36 percent down the line? If I ran my

1 business the same way that this was presented to  
2 industry, Bureau of Automotive Repair would have me  
3 locked up and put in jail.

4 Part of the reason that test-only was brought  
5 online was to eliminate fraud, and this was because  
6 test-only had no interest in whether or not that  
7 vehicle passed or not. Bureau of Automotive Repair has  
8 since allowed test-only to become almost the same as  
9 test-and-repair, but the only exception is that they  
10 can't repair a vehicle after it fails a smog.  
11 Test-only can be an ARD and do all types of emission  
12 repairs prior to the smog being done, so they actually  
13 have a greater interest in whether that vehicle passes  
14 or fails.

15 CHAIR WEISSER: Thank you, Chris.

16 Bud?

17 Sorry, Chris, we'll work our way forward.

18 MR. RICE: My name is Bud Rice, I'm with  
19 Quality Tune-up Shops (inaudible).

20 First comment I want to make is that there's  
21 a doctor's creed or a physician creed that says your  
22 first obligation is to do no harm, okay? And sometimes  
23 I sit here and I drive home from these meetings and I'm  
24 going, well, little harm was done today, okay. And I'm  
25 just going to run down this big list here, starting off

1 with the 50 percent discount, 16 percent directed to  
2 test-only. All you guys that want to be in this  
3 business will buy equipment. Hiring requirements for  
4 technicians. 36 percent (inaudible) directed to  
5 test-only. More training we have to go get for the  
6 technicians. Take cars out of the testing pools with  
7 the 20-year exemption. Remove more cars from the  
8 testing pool with the 5 and 6-year exemptions. Actual  
9 50 percent of the cars now being directed to test-only.  
10 Go buy more equipment with the new evap stuff that  
11 we're talking about. Let's now lower the technician  
12 requirements for test-only guys, and let's pull the  
13 program away from the BAR.

14 I mean, if I had a wall and I had all this  
15 thing mapped out like it was some kind of a military  
16 campaign, I would be going, well, we got this thing  
17 lined up. That's unbelievable when you line that stuff  
18 up of all the things that have been going on with the  
19 Smog Check Program with a program that at one point was  
20 the best program in the country and now we're looking  
21 to other states to see what they do. We used to  
22 (inaudible).

23 One thing, Jude, if I could say, I think you  
24 always kind of look at what's the durable repairs, I  
25 think I've heard you say that a number of times,

1 durable repairs and how come when we check these things  
2 later they seem to fail? One of the things is is the  
3 environment that those repairs are done in.

4 As an example, you come into my shop, I test  
5 your car, you fail. (Inaudible) put you on my  
6 diagnostic. Do I sell you one spark plug wire; do I  
7 sell you eight? Okay? If I sell you one, you pass.  
8 Three weeks later you fail because now the rest of them  
9 are going down, so if I sell you any, I'm guilty of  
10 charging you for repairs or parts that you didn't need  
11 at the time, so which way do I go. And insofar as  
12 Bureau of Repairs goes, that's a big part, and as a  
13 technician, you have to kind of decide which way you're  
14 going to go, service to the customer with repairs that  
15 they can get some value out of, or have somebody chase  
16 me around because I oversold. Thank you.

17 CHAIR WEISSER: Thank you, Bud.

18 Chris?

19 MR. WALKER: Thank you. Chris Walker on  
20 behalf of the California Service Station Automotive  
21 Repair Association. Listening to some of the answers  
22 of the questions you were asking of previous speakers,  
23 BAR, Dave Amlin's responses in regards to some of the  
24 data collection and the RFPs that are going out and –

25 CHAIR WEISSER: They're not RFPs.

1           MR. WALKER: Okay. Obviously I was confused  
2 as well. To me the process, okay, we know, we've heard  
3 ARB today said that they recognize very little  
4 difference in failure rate between test-only and  
5 test-and-repair, validating the finding of  
6 Dr. Williams, but the difference is that there seems to  
7 be more durable repairs according to the roadsides.

8           But then I heard from Mr. Amlin that the  
9 roadsides are insufficient and they quit doing them,  
10 okay. Now I understand that they're going to redo  
11 these studies and again charge for the 2007 SIP. Is  
12 this going to be a process where we're going around for  
13 three more years waiting for data to be collected? I  
14 mean, this is absolutely outrageous. We understand on  
15 the face of it what's going on. When can this state  
16 get its act together and look at what's going on with  
17 consumers, look at what's going on with the repair  
18 businesses and look what's going on in the real air  
19 quality world?

20           You know, evap, these guys aren't going to  
21 invest in evap right now, are you kidding me? That's  
22 15 tons right there.

23           We need to get going forward quickly, and  
24 just the answers I've heard unsettled me. I heard a  
25 lot of bureaucratic back-and-forth and a lot of

1 hindsight, and I'm very concerned about that, I don't  
2 want to wait till 2007. Thank you.

3 CHAIR WEISSER: Thank you. I also would like  
4 to get a better sense of the timeframe that the  
5 agencies think will be necessary to do the analytical  
6 work. I don't think that things are all that clear on  
7 the surface and I think you do need to do due diligence  
8 in terms of the analytics, particularly when you're  
9 talking about substantive changes to the program that  
10 involve not just the state but also the Federal  
11 Government you're going to have to be able to put  
12 together a pretty compelling case.

13 But your comments in terms of what is the  
14 timeframe, how quickly can you come up with the data  
15 that will provide decision makers with a good basis to  
16 move forward, I think is well taken and I will invite  
17 the agencies at our next meeting to describe that to us  
18 in terms of the timeframe and scope of the study more  
19 completely.

20 We'll work our way around. Mr. Peters?

21 MR. PETERS: Thank you, Mr. Chairman and  
22 Committee, I'm Charlie Peters, Clean Air Performance  
23 Professionals, representing a coalition of motorists.

24 Item one, Mr. Amlin mentioned in his  
25 testimony basically that all the reductions in the

1 program are based upon the car fails, we fix it and we  
2 measure the difference between those two.

3 In my personal opinion that probably accounts  
4 for about 10 percent of the reductions that the program  
5 makes. I think most of the reductions that the program  
6 makes are actually ancillary effects, they're effects  
7 that are affecting the behavior of the consumer,  
8 they're affecting the behavior of repair shops, they're  
9 affecting the behavior of new car dealerships, and the  
10 fact that we have a very comprehensive program in  
11 California affects behavior, lowers failure rate [skip]  
12 and has a huge [skip]. What I perceived Dave to say is  
13 the reductions are primarily that the car failed, we  
14 fixed it, it got a little better and we measure that,  
15 that is really not appropriately giving credit to the  
16 California program.

17 The issue of test-only versus  
18 test-and-repair, we're completing missing the fact that  
19 we have a very comprehensive, the most comprehensive  
20 inspection and repair process in the world here. It  
21 used to be, as an example, at EPA evaluated Arizona as  
22 twice as effective as California. While we had 11  
23 percent tamper rate roadside, they had a 25 percent  
24 tamper rate on test bay in test bay when the customer  
25 was prepared to try and pass the test. The emissions

1 readings were twice as high when they failed there as  
2 here. If you go to any other state but California you  
3 will find much more tamper, much bigger problems.  
4 We're not getting the proper evaluation really looking  
5 at what California does do and what we can do.

6 The last issue is that in the report that you  
7 just sent to the Legislature, God, have people pushing  
8 baskets on the street and everybody in the world, you  
9 indicated, I thought, that the issue of remote sensing  
10 you weren't going to discuss that, you weren't going to  
11 address that until such time as you had some data and  
12 information. It appears to me as though there was  
13 significant efforts to get remote sensing on the road  
14 in California and I did not see any evaluations or any  
15 basis for that recommendation.

16 Thank you, Mr. Chairman.

17 CHAIR WEISSER: Thank you, Mr. Peters.

18 Mr. Armstrong. And Chris, you'll be the last  
19 speaker for today.

20 MR. ARMSTRONG: Yes, thank you Mr. Chairman,  
21 my name again is Larry Armstrong. I am continuously  
22 confused between statute passed by the State of  
23 California and SIP requirements that are set up by  
24 regulators that are not elected by anybody. My  
25 understanding back in 1992 when the EPA put out their

1 requirements was that the Governor and the Attorney  
2 General would have to sign the commitment. I would  
3 like to ask and I would hope that you would ask, I  
4 would like to see a certified copy of those signatures  
5 of both of those people that put this state on the  
6 program that we've been following for the last few  
7 years. That is a request, I would like to have a copy  
8 of -

9 CHAIR WEISSER: I would suggest that you  
10 write the attorney general and ask.

11 MR. ARMSTRONG: Well, I was going to ask the  
12 previous speaker, but she's not here anymore.

13 CHAIR WEISSER: I'd suggest that you write  
14 the secretary of CAL EPA, Allan Lloyd, former chairman  
15 of the Air Resources Board, and if there is such a  
16 document, knowing Dr. Lloyd, I'm sure he'll try to  
17 track it down for you.

18 MR. ARMSTRONG: Do you still have a  
19 representative here from the Air Resources Board?

20 CHAIR WEISSER: I don't know if Sylvia's  
21 still here, I can't see her. I think she's left.

22 MEMBER LAMARE: Chuck Thompson.

23 CHAIR WEISSER: Ah, Chuck Thompson is in the  
24 back. You might want to alert Cynthia to this request,  
25 but Larry -

1                   MR. ARMSTRONG: I'm making this request and  
2 I'd like to see a copy of that letter if I could.

3                   CHAIR WEISSER: Larry, what I would urge is  
4 you put something in writing.

5                   MR. ARMSTRONG: I'm not going to put  
6 something in writing, I'm making a request here.

7                   CHAIR WEISSER: Okay.

8                   MR. ARMSTRONG: And you folks are supposed to  
9 be acting in the interest of the state, and if that was  
10 a required part, I would think you would want to see a  
11 part of it, a copy of it.

12                   The letter that went to the Federal EPA was  
13 dated August 17th, 1992. It was a letter from the  
14 State of California asking that test-and-repair not be  
15 continued. The concept that the EPA forces down our  
16 throat is absolute baloney and you people should know  
17 that. It was asked for by the State of California.

18                   The statute calls for the makeup of the cars  
19 that are directed to test-only to be made up of some  
20 cars in the HEP program, other cars, 2 percent is a  
21 random survey and [skip] and then just add on the  
22 volunteers that are supposed to be by statute part of  
23 the number that was going.

24                   As I understand it, we have then come back  
25 and the industry was told you'd better do a good job or

1 we'll have to add some more cars to test-only. Only  
2 what happened, as what the testimony appears to be that  
3 the cut points were not adopted, the heavy duty  
4 vehicles were not done, the evap system was not  
5 included, so I got punished for those things over which  
6 I had absolutely no control. That would seem to be  
7 sabotage of the system and asking people to do  
8 something when you know that you're going to do  
9 something else.

10 CHAIR WEISSER: Thank you, Larry.

11 MR. ARMSTRONG: I've got other things but  
12 I'll save them for later. Thank you.

13 CHAIR WEISSER: Chris?

14 MR. ERVINE: Chris Ervine with STARS. Randy  
15 Ward made a comment that '96 and newer Hondas there  
16 shouldn't be any difference between tests. I beg to  
17 differ with him. One of the failures that we see that  
18 comes through from test-only is monitors that have not  
19 been run. This can also answer part of the question  
20 that Jeffrey brought up. There were repairs done at a  
21 station previously or the memory was just cleared out  
22 of the computer just prior to being tested, and it  
23 comes to our shop, it's possible that the monitors have  
24 finally run by the time it gets to our shop, or we have  
25 to take it out and do special driving to get it to run

1 the monitors. So that may explain a couple of things  
2 right there.

3 The Honda may not have been the best choice,  
4 but again, I think that you'll find that prior to about  
5 1995 almost a hundred percent of them were all directed  
6 to test-only because of the nature of the beast. I  
7 think it's a pretty high percentage.

8 But anyhow --

9 MEMBER DECOTA: In Professor Williams'  
10 presentation there was 90,000-plus vehicles that he had  
11 a hard time with the scanning of the barcode. I mean,  
12 he meant the tech typed in. The tech doesn't type in  
13 that, he scans it, correct? What would cause that  
14 breakdown? Could it be a disconnected battery voltage?  
15 I don't know.

16 MR. ERVINE: The barcode is just that, it's a  
17 barcode. It's two places on some vehicles, one place  
18 on another. There's a label on the door that has a  
19 barcode on it. If the vehicle has been repainted, that  
20 may have been painted over. In other cases those just  
21 deteriorate and they're not readable. The other place  
22 that you may find it, and not on all vehicles, is on  
23 the VIN just in the left-hand corner of the windshield.

24 CHAIR WEISSER: We could spend a lot more  
25 time and I think we will be spending a lot more time as

1 this study gets initiated and refined and we'll have a  
2 greater opportunity to ask questions, but I think for  
3 now we've gone far enough.

4 I want to end the meeting by inviting Chief  
5 Ross up to make some brief remarks.

6 MR. ROSS: Thank you, Mr. Chairman. We've  
7 spent a great deal of time today talking about 1600  
8 test-only stations and 8,000 test-and-repair stations  
9 and 40,000 ARDs. There's also 34.5 million California  
10 citizens. One of the things that the Governor  
11 initiated last Wednesday was the formal kick-off of our  
12 Breathe Easier Campaign, and this is an effort maybe to  
13 cause us all to kind of look up off our desktops and to  
14 try to say what are we doing all of this for? And  
15 fortunately (inaudible) we may get clean air.

16 The Breathe Easier Campaign is going to be a  
17 serious conscientious attempt to get Californians to  
18 recognize that we don't have to live in our own waste,  
19 that we can make progress toward an end to a better  
20 environment. Yes, you guys have been in the trenches  
21 leaning over artillery pieces and tons of ammunition  
22 and effectiveness of range, all very relevant and all  
23 very important. If we can recruit 34-1/2 million  
24 Californians to get off the dime and be concerned about  
25 it, just like people got concerned over drunk drivers,

1 just like people got concerned over cigarettes, just  
2 like they got concerned over secondhand smoke, then we  
3 can have a difference, because if we have people  
4 concerned about what their car is doing, then failure  
5 rates and everything else may all have relevance in  
6 terms of monetary effectiveness. They will have a  
7 significant impact on promoting good policies and  
8 achieving quality emission reductions.

9 Will it ever be a perfect world? Probably  
10 not. But maybe if we can influence that attitude and  
11 by promoting the notion that this pollution does cause  
12 serious health consequences that affect our kids and  
13 our grandkids, then maybe we'll get all 34.5 of those  
14 people charged about it.

15 The Governor announced in addition to the  
16 Breathe Easier Campaign the enhanced retirement program  
17 that is currently underway, bumped up the retirement  
18 thing to \$1,000. We've got another \$15 million in the  
19 new fiscal year toward that end, and as Mr. Williams'  
20 numbers do demonstrate, older cars are dirtier cars,  
21 and if we can get the high polluters off the road, we  
22 have significant quantifiable measurement of things  
23 that just stop being on the road and stop polluting.

24 And then the last thing I would compliment  
25 the Committee on is your commitment, your interest,

1 your carrying out the important function, because you  
2 certainly don't do it in a always peaceful or sometimes  
3 quantifiable civil environment, and you should be  
4 thanked because the last time I checked none of you  
5 were getting rich off of sitting in those chairs.  
6 Thank you.

7 CHAIR WEISSER: I can think of no other finer  
8 way to close this meeting than with Chief Ross's  
9 remarks, and on behalf of the Committee, Chief Ross, I  
10 thank you and applaud the Bureau for its work  
11 associated with the scrappage program and particularly  
12 the decision to try to go after more cars.

13 So I am looking for a motion to adjourn,  
14 which is made by Ms. Lamare and seconded by  
15 Mr. Hotchkiss, and all in favor please say aye.

16 IN UNISON: Aye.

17 CHAIR WEISSER: And this meeting is now  
18 adjourned.

19 **(Meeting Adjourned)**

20 **- o0o -**

TRANSCRIBER'S CERTIFICATE

This is to certify that I, TERRI HARPER, transcribed the tape-recorded meeting of the California Inspection & Maintenance Review Committee, dated March 21, 2005; that the pages numbered 1 through 218 constitute said transcript; that the same is a complete and accurate transcription of the aforesaid to the best of my ability.

Dated April 4, 2005.

---

TERRI HARPER, Lead Transcriber  
Northern California Court Reporters